



EIB World Trade Headlines

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GINA AWARD WINNERS 2015

Winner of the Individual GINA award:

Mandy Ogan

Senior Aerospace Absolute, Arlington, WA

Winner of the 2015 Company Wide GINA Award:

Senior Aerospace Jet Products, San Diego, CA

under the Direction of Jennifer Shelton

Individual GINA AWARD WINNER 2014

Anthony Crago

Accurus Precise Machining, Tulsa, OK

Awards will be delivered and presented early March 2016

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NEWSLETTER NOTES

***GINA AWARD WINNERS**

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**Airbus Defence and Space signs contract with Inmarsat to build 2 next generation mobile communications satellites*

**Missing U.S. Missile Shows Up in Cuba*

**Airbus Helicopters Delivers 4 Additional H135 Helicopters to LPR in Poland*

**In 2016, Intel's Entire Supply Chain Will Be Conflict-Free*

**Changes to IRANIAN EXPORTS*

**Chinese national gets 9 years for smuggling nuclear materials to Iran*

**Commerce Dept. Moves against Sale of Aircraft to Terrorist-Supporting Iranian Airline*

**Industry Notice: DDTC Reorganization*

Honorable Mentions 2015 GINA Award

*Tony Martiniello, TRU Corp Winchester Electronics, Massachusetts

*Stephen Eccles, TRU Corp Winchester Electronics, Massachusetts

*Dan Cordiero, Senior Aerospace Metal Bellows, Massachusetts

*Dan Silva, Senior Aerospace Metal Bellows, Massachusetts

*Janice Costa, Senior Aerospace Metal Bellows, Massachusetts

*Doug Nelson, Senior Ketema, California

*Laurie Grimmell, Senior Pathways MetroFlex, Maine

*Jim Biagioni, Polestar Technologies, Massachusetts

*Laurie Trimmer, Munters, Massachusetts

*Benjamin Dragon, Cadence Aerospace Tell Tool, Massachusetts

*Tom Barczak, Fourstar Connections, Massachusetts

*Anush Cholakian, Senior SSP, California

*Roger Anderson, L-Com

*Julie Eckart, Senior Composites, Kansas

*Janice Stoltman, Senior Composites, Kansas

*Stephanie Wiley, Senior Pathways, Texas

*Penny Miller, Senior Pathways, Texas

*Jason Zimmer, Senior GA Precision, Wisconsin

*Jan Clark, Senior Flexonics Bartlett, Illinois

*Karen Walls, Senior Flexonics Bartlett, Illinois

*Cynthia Huddleston, FlightSafety International Simulation, Broken Arrow, OK

Multi-Million Pound Hercules Contract Supports RAF Fleet

A £369 million contract to support the Royal Air Force's (RAF) fleet of C-130 Hercules transport aircraft has been awarded to three companies by the Ministry of Defence (MoD).

The deal will see Marshall Aerospace and Defence Group, Lockheed Martin and Rolls-Royce, who jointly deliver the Hercules Integrated Operational Support (HIOS), provide continued support for the C-130J fleet until 2022.



The three companies have been working together on the HIOS programme since 2006 and more than a thousand jobs will be sustained by this additional investment. Most of the work will be undertaken by Marshall Aerospace and Defence Group at its Cambridge site with additional work on the AE 2100 engines carried out by Rolls-Royce in Bristol, Brize Norton and Indianapolis, U.S. Lockheed Martin Aeronautics, the Original Equipment Manufacturer (OEM) of the C-130J Super Hercules, manages the HIOS supply chain with a UK team based in Havant, Hampshire, providing subcontract support for supply, IT and field technical support services.

Close collaboration between the MoD, RAF and industry has increased availability of the C-130 to carry troops, supplies and equipment in support of operations across the world by a third while also delivering cost savings of around 20 percent. This means the RAF now has more aircraft to support humanitarian operations such as the recent floods in Nepal, contingency operations like Op SHADER as well as routine supply missions to overseas bases. The recent Strategic Defence and Security Review announced that the C-130 aircraft will be upgraded and extended in service until 2030.

Earlier this month, the efforts of the joint C-130 team were recognised by Philip Dunne who presented them with a Minister for Defence Procurement Award during a ceremony at MoD Main Building.

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Steve Fitz-Gerald, CEO of Marshall Aerospace and Defence Group, said: "It is a privilege to be part of the C-130J Joint Team and to have contributed to the achievements being recognised by the Minister (DP) Acquisition Award. Next year marks Marshall's 50th anniversary of our first engagement with the RAF in support of its C-130 fleet and we look forward to continuing that partnership to provide the highest levels of availability, affordability and innovation."

Stephen Ball, Chief Executive of Lockheed Martin UK said: "Over the last 60 years, Lockheed Martin has delivered 2,500 C-130 Hercules, capable of supporting 100 different mission requirements. This contract will ensure we are able to continue the good work recognised by the Minister's procurement award and make RAF C-130s available to support a variety of missions in defence of the UK's security."

Chris Cholerton, Rolls-Royce President – Defence, said: "The HIOS contract has been a huge success since its inception in 2006, reducing operating costs for the customer while increasing levels of availability of one of the most important assets in the RAF's inventory. We are very proud of our role in ensuring that the C-130J is mission-ready and in helping the customer to achieve greater levels of capability and affordability."

Airbus Defence and Space signs contract with Inmarsat to build 2 next generation mobile communications satellites

**Inmarsat-6 satellites dual mission will augment both L-band and Ka-band Global Xpress services*

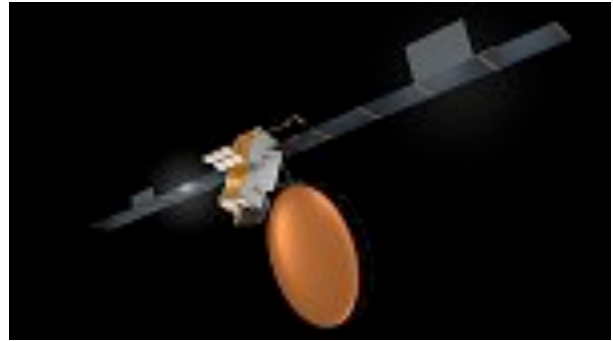
**New all-electric satellites order reinforces Airbus Defence and Space's world leadership in high power electric satellites*

**Contract valued in the region of \$600M (EUR550M)*

Airbus Defence and Space, the world's second largest space company, has been awarded a contract by Inmarsat, the leading provider of global mobile satellite communications services, to design and develop the first two Inmarsat-6 (I-6) mobile communications satellites, creating the most versatile mobile services satellites in its fleet.

The two I-6 satellites will be based on Airbus Defence and Space's ultra-reliable Eurostar platform in its E3000e variant, which exclusively uses electric propulsion for orbit raising. The satellites will take advantage of the reduction in mass that this electric propulsion technology enables for a dual payload mission, with an exceptionally large next generation digitally processed payload.

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"We are delighted to have been selected by Inmarsat to build their latest and most sophisticated satellites", said François Auque, Head of Space Systems. "This mission for our next generation digitally processed payload represents a step change in capability and capacity. The spacecraft will complement and enhance the L-band services offered by the Airbus Defence and Space-built Inmarsat-4 and Alphasat satellites, and embark a Ka-band mission to augment Inmarsat's globally available high-speed broadband service - Global Xpress."

"The Inmarsat-6 constellation confirms our continued commitment to delivering advanced L-band services for decades to come," said Rupert Pearce, CEO of Inmarsat. "The new satellites will provide significantly greater L-band capacity and will be capable of supporting a new generation of more advanced L-band services."

"The Ka-band co-payload adds depth to the breadth of the unique capabilities of our Global Xpress (GX) constellation, which now spans the world."

I-6 F1 and F2 will carry a large 9m aperture L-band antenna and nine multibeam Ka-band antennas, and feature a high level of flexibility and connectivity. A new generation modular digital processor will provide full routing flexibility over up to 8000 channels and dynamic power allocation to over 200 spot beams in L-band. Ka-band spot beams will be steerable over the full Earth disk, with flexible channel to beam allocation.

The first satellite (I-6 F1) is scheduled for launch in 2020 and its electric propulsion system will enable it to reach geostationary orbit in four to six months, depending on the type of launcher used. It has been designed to remain in service in orbit for more than 15 years.

I-6 F1 is the 50th Eurostar E3000 satellite and the 12th Inmarsat satellite ordered from Airbus Defence and Space. This new contract reinforces Airbus Defence and Space's position as the world's number one in electric propulsion satellites, with six full electric high-capacity telecommunications satellites already sold. The investments made by the company in future platform and payload technologies are supported by the European Space Agency and national agencies, in particular the UK Space Agency and CNES.

Missing U.S. Missile Shows Up in Cuba

Inert Hellfire missile sent to Europe for a training exercise makes mysterious trip, sparking concerns over loss of military technology



An inert U.S. Hellfire missile sent to Europe for training purposes was wrongly shipped from there to Cuba in 2014, said people familiar with the matter, a loss of sensitive military technology that ranks among the worst-known incidents of its kind.

The unintended delivery of the missile to Cuba has confounded investigators and experts who work in a regulatory system designed to prevent precisely such equipment from falling into the wrong hands, said those familiar with the matter.

For more than a year, amid a historic thawing of relations between the U.S. and Cuba, American authorities have tried to get the Cuban government to return the missile, said people familiar with the matter. At the same time, federal investigators have been tracing the paper trail of the wayward Hellfire to determine if its arrival in Cuba was the work of criminals or spies, or the result of a series of blunders, these people said.

Hellfires are air-to-ground missiles, often fired from helicopters. They were first designed as antitank weapons decades ago, but have been modernized to become an important part of the U.S. government's antiterrorism arsenal, often fired from Predator drones to carry out lethal attacks on targets in countries including Yemen and Pakistan, said people familiar with the technology.

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This particular missile didn't contain explosives, but U.S. officials worry that Cuba could share the sensors and targeting technology inside it with nations like China, North Korea or Russia, these people said. Officials don't suspect Cuba is likely to try to take apart the missile on its own and try to develop similar weapons technology, these people said. It is unclear whether a U.S. adversary has ever obtained such knowledge of a Hellfire.



U.S. officials said the case of the missing missile, while highly unusual, points to long-standing concerns about the security of international commercial shipping and the difficulty of keeping close tabs on important items.

"Did someone take a bribe to send it somewhere else? Was it an intelligence operation, or just a series of mistakes? That's what we've been trying to figure out," said one U.S. official.

The government response to the missing missile has been two-pronged. First, it has tried to get the missile back. Second, officials want to determine who, if anyone, intentionally sent it off course. That effort has gone slowly, the people familiar with the probe said, in large part because the most important clues are in Europe, where evidence-gathering is subject to transnational diplomatic requests that can take years to complete.

The missile was sent from Orlando International Airport in early 2014 to be used in a North Atlantic Treaty Organization military exercise, said the people familiar with the case. As with other sensitive military gear, the shipping crate was clearly marked as containing material subject to rigorous export controls, and that shipping information would have made clear to anyone handling it that it wasn't regular cargo, these people said.

The missile was sent by its manufacturer, [Lockheed Martin Corp.](#), after the company got permission from the State Department, which oversees the sharing of sensitive military technology with allies.

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A Lockheed Martin spokeswoman declined to comment on the matter, referring queries to U.S. government officials.

State Dept. spokesman John Kirby said the agency “is restricted under federal law and regulations from commenting on defense trade licensing and compliance issues.”

The people familiar with the case said the missile was sent to Spain and used in the military exercise. But for reasons that are still unclear, after it was packed up, it began a roundabout trip through Europe, was loaded onto a truck and eventually sent to Germany.

The missile was packaged in Rota, Spain, a U.S. official said, where it was put into the truck belonging to another freight-shipping firm, known by officials who track such cargo as a “freight forwarder.” That trucking company released the missile to yet another shipping firm that was supposed to put the missile on a flight originating in Madrid. That flight was headed to Frankfurt, Germany, before it was to be placed on another flight bound for Florida.

At some point, officials loading the first flight realized the missile it expected to be loading onto the aircraft wasn’t among the cargo, the government official said. After tracing the cargo, officials realized that the missile had been loaded onto a truck operated by Air France, which took the missile to Charles de Gaulle Airport in Paris. There, it was loaded onto a “mixed pallet” of cargo and placed on an Air France flight. By the time the freight-forwarding firm in Madrid tracked down the missile, it was on the Air France flight, headed to Havana.

Attempts to reach Air France were unsuccessful.

When the plane landed in Havana, a local official spotted the labeling on the shipping crate and seized it, people familiar with the case said. Around June 2014, Lockheed Martin officials realized the missile was missing, was likely in Cuba, and notified the State Department, said those familiar with the matter. Immigration and Customs Enforcement agents, as well as prosecutors with the Justice Department are now investigating to see whether the redirection of the missile was a crime.

Several of those familiar with the case said the loss of the Hellfire missile is the worst example they can recall of the kind of missteps that can occur in international shipping of sensitive military technology. While there are instances in which sensitive technology ends up getting lost in transit, it is virtually unheard of for such a shipment to end up in a sanctioned country like Cuba, according to industry experts.

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Peter Singer, a senior fellow at the New America Foundation, said it is likely some foreign nations would like to reverse-engineer parts of a Hellfire, such as the sensors or targeting technology, to develop countermeasures or to improve their own missile systems.

“Now it’s a proliferation concern—someone else now understands how it works and what may have been cutting edge for us is deconstructed and packaged into what other players sell on the open market—and possibly provided to countries that we wouldn’t sell to,” said Mr. Singer.

The Defense Department’s Joint Attack Munitions Systems project office asked officials at the Defense Intelligence Agency to provide an assessment of the security impacts of the lost munition to determine the risks associated with its loss. An official at DIA declined to comment. But a defense official confirmed that DIA has reviewed the implications of the lost missile.

The Cuban Embassy in Washington didn’t respond to multiple messages seeking comment. Representatives at the embassies of Spain and France didn’t immediately comment, while attempts to contact the German Embassy were unsuccessful.

Several officials and industry experts said what was most baffling about the case was how so many shipping-company workers who should have noticed the labeling on the shipping crate and—at a minimum—asked questions about why it was going somewhere else apparently allowed it to proceed along a circuitous route until it ended up in Cuba.

If someone intentionally sent it astray, that could constitute a violation of the Arms Export Control Act, as well as a possible violation of Cuban sanctions laws. There are more than 25 countries to which U.S. military exports are generally prohibited. Cuba was added to the list in 1984.

The State Department’s office of Political-Military Affairs, which oversees exports of military hardware, regularly finds companies to be in violation of the Arms Export Control Act for a variety of reasons. Each year, there are about 1,500 disclosures of potential violations to the Arms Export Control Act. Many of those violations are because of mis-shipments, said a State Department official, but the official said the government doesn’t track the specific number each year.

“Mis-shipments happen all the time because of the amount and volume of the defense trade,” the official added. But no official could recall an instance when a U.S. missile was sent to a sanctioned nation.

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The Hellfire missile has been missing during the most sensitive time in U.S.-Cuba relations in more than a generation. In June 2014, when the U.S. first realized the missile was in Cuba, the State Department was engaged in secret negotiations to normalize relations with Cuba, ending a standoff dating back to the 1950s.

That rapprochement culminated in a December 2014 announcement that the two nations would normalize relations, re-establish embassies and exchange prisoners.

If it turns out that the Hellfire was lost because of human error, the criminal probe would end and the State Department would have to determine whether to pursue a settlement with Lockheed Martin over the incident.

Companies that violate export-control laws can be fined millions of dollars and be required to address whatever issues contributed to the problem, the State Department official said. Large defense firms like Northrop Grumman Corp. and Boeing Co. have entered into consent agreements over the years, according to the State Department. Lockheed Martin has been cited in the past by State, including in 2000 and 2008 for a total of 16 violations. In another instance, another defense company, BAE Systems PLC, paid the Treasury \$79 million in 2011, the highest amount ever paid. Lockheed Martin, which voluntarily disclosed the missing missile, is cooperating with investigators, U.S. officials said.

"This is a complicated business, mistakes are inherent in complicated businesses," the official said. "Mistakes are a part of any human endeavor. Mistakes are made."

Airbus Helicopters Delivers 4 Additional H135 Helicopters to LPR in Poland

**Latest delivery brings total H135 fleet of Polish operator LPR to 27 units*

**New rotorcraft to conduct HEMS missions from new LPR bases across Poland*

Poland's public air medical rescue operator LPR (SP ZOZ Lotnicze Pogotowie Ratunkowe) has received four new H135 (formerly known as EC135P3) helicopters to extend its Helicopter Emergency Medical Services (HEMS) operations in Poland. This latest delivery brings the total H135 LPR fleet to 27 units.

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Prior to this on-time and on-quality delivery of four new H135s, an intensive technical acceptance process took place in December 2015 at Airbus Helicopters' Donauwörth site in Germany. All helicopters were subsequently transferred to the main LPR base in Warsaw. The total fleet of 27 H135 helicopters is now fully operational with LPR, representing a major step in the modernization of the country's helicopter-based medical evacuation services and making Poland one of the world's largest users of this helicopter in its new-generation EMS configuration.

"Airbus Helicopters is committed to providing Poland with state-of-the-art and reliable helicopters to carry out emergency service duties" said Mickael Peru, Managing Director at Airbus Helicopters Polska. "We also ensure that these aircraft can be autonomously maintained in-country and in full accordance with the operator's requirements. This latest delivery is yet another example of the excellent cooperation with our Polish customer and demonstrates once again our ability to fulfill all our contractual obligations", he added.

The agreement for the delivery of four new H135 helicopters to LPR was signed on 4 August 2015, following a competitive public tender procedure won by Airbus Helicopters. The LPR fleet has an average availability rate of over 95 percent. All helicopters have been equipped according to the required specification including in between the sophisticated avionics, full NVG certification, and a fully equipped state of the art EMS cabin.

Airbus Helicopters has delivered nearly 1,200 helicopters of the H135-family to customers around the globe, which have logged more than 3 million flight hours. One-quarter of this total fleet is deployed for EMS duties.

In 2016, Intel's Entire Supply Chain Will Be Conflict-Free

Seven years ago, if you bought a new iPhone or a laptop, you were probably also inadvertently supporting warlords and mass rapists in the Democratic Republic of Congo. The country has some of the world's largest deposits of many of the tiny bits of metal, like tin and tungsten, that make up electronics, and they often came from mines whose profits were used to fund the country's ongoing, devastating civil war. Luckily, that's starting to change.

This year, Intel expects its entire supply chain to be conflict-free. It's taken time: the company first set the goal in 2009, and with a massive list of suppliers, it was an overwhelming challenge at first. "We said, we don't want to support conflict, period," says Carolyn Duran, a director at Intel who oversees supply chain sustainability. "How to do that? Nothing was determined."

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Phoenix-Metals_IncomingBag-TagMaterial

It started with its own factories, and worked with a handful of other electronic manufacturers to figure out a way to track materials. Metals mined in Africa might first end up in China or Russia, and before companies like Intel started asking questions, it was hard—or impossible—to say where the metals had originated or whether the proceeds had ended up in the hands of warlords.

Now, nonprofits work with the government to audit mines, and when a mine gets a "green" or good rating, the material that's shipped out ends up in labeled bags that can be tracked to smelting plants around the world. While it isn't a foolproof process, after auditing the mines themselves, Intel believes it works.

"Without owning the mines ourselves we can't be sure 100%, all the time, every day, but if we waited for that we'd never be sourcing from the region at all, and that's not what our intent was," says Duran. "We want to maintain a presence in the region, source responsibly, and help the people on the ground."

Since Intel and other manufacturers began the program, the profits from mines have started flowing to miners themselves rather than to war. In the last study of three of the major materials—tungsten, tantalum, and tin—a nonprofit called the Enough Project found that the amount of money going to conflict had [dropped 65%](#), and it continues to fall.

For tantalum, a blue-gray mineral used in most electronics, almost the entire supply chain is now conflict-free. "There are literally a handful of smelters that aren't there [in terms of verifying that they get material only from conflict-free mines]," Duran says. "And once you hit that inflection point, it's better for the smelters to be in than out. They're actually the outliers now if they're the one or two in the world that aren't going in, it becomes a problem for them from a business perspective."

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085-Kigali-CodemibuMine-TunstenOre2

There are still challenges. Gold, for example, comes out of the ground in chunks that are more pure, which makes it easier to smuggle, since you can just slip a small amount in your pocket and then change it for money. For now, that means Intel has to buy gold from other parts of the world, or recycled gold, in order to know that the materials are responsibly sourced. But it's also still working on a process to help the Democratic Republic of Congo track its own supply. Just stopping buying from the country isn't that great a solution either: Duran points out that mining is one of the country's only legitimate sources of income, and an important step in development.

Making sure that every supplier meets standards is also an ongoing challenge—if Intel gets a new supplier, or buys a new company, the process starts again. But the company is now nearly at a point where it can say everything it makes is conflict-free.

Two years ago, it took the first major step, and [announced that its microprocessors were conflict-free](#), something that helped inspire other manufacturers.

"That helped other companies say 'Hey, yeah, this can be done,'" says Duran. "We had more industries working together and that gave us more traction than Intel working on its own. Some of these smelters are very small parts of our supply chain. But when you have 10 or 20 companies, or two or three industries all setting those same expectations, then it becomes a real solid business case for those smelters and those suppliers to come along and join with us."

The company wants to help the whole global supply chain for these materials—not just its own—become conflict-free. "If every smelter in the world stood up and demonstrated they were sourcing responsibly, there would be no path for the illegitimate materials to go," she says. "You can put up the walls around our own supply chain and say as long as ours is good we're good, but that's not really fixing the fundamental problem. It takes all of us to really fix the problem."



Changes to IRANIAN EXPORTS

In all instances parties must not be on the SDN or Entities lists or other denied parties lists. Check lists prior to license filing.

Licenses can be obtained for Commercial aircraft and aircraft parts by US Persons or companies for Iranian or us aircraft operating in IRAN except MAHAN Airways:

How has the commitment in the JCPOA to allow the export, reexport, sale, lease, or transfer of commercial passenger aircraft and related parts and services to Iran been implemented?

OFAC issued a [Statement of Licensing Policy \(SLP\)](#), effective on Implementation Day, establishing a favorable licensing policy regime through which U.S. persons and, where there is a nexus to U.S. jurisdiction, non-U.S. persons may request specific authorization from OFAC to engage in transactions for the export, reexport, sale, lease, or transfer of commercial passenger aircraft and related parts and services to Iran, provided that the licensed items are used exclusively for commercial passenger aviation. Specific licenses issued pursuant to the SLP will include appropriate conditions to ensure that licensed activities do not involve, and no licensed aircraft, goods, or services are re-sold or re-transferred to, any person on OFAC's SDN List.

C.F.R. part 594 (GTSR). Airlines designated pursuant to the GTSR are included on OFAC's SDN List (available at <http://sanctionsearch.ofac.treas.gov/>) and are labeled with the program tag [SDGT]. when prohibited.

What type of aircraft can be provided to Iran pursuant to the JCPOA commitment?

Specific licenses may be issued for U.S. persons or, where there is a nexus to U.S. jurisdiction, non-U.S. persons to export, reexport, sell, lease, or transfer to Iran U.S.-origin commercial passenger aircraft or commercial passenger aircraft that contains 10 percent or more U.S.-controlled content. For more information on how to calculate U.S.-controlled content, see section 560.420 of the ITSR. The types of aircraft that may be approved under the SLP include wide-body, narrow-body, regional, and commuter aircraft used for commercial passenger aviation. The types of aircraft not eligible for licensing under the SLP include cargo aircraft, state aircraft, unmanned aerial vehicles, military aircraft, and aircraft used for general aviation or aerial work.

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Is additional authorization from the Department of Commerce be needed for the export, reexport, sale, lease, or transfer of commercial passenger aircraft and spare parts and components for such aircraft to Iran, if such activities are licensed by OFAC under the SLP?

Transactions authorized by OFAC pursuant to the SLP do not need separate authorization from the Department of Commerce, unless the action or activity involves an item (including information) that is prohibited by, or otherwise requires a license under, part 744 of the Export Administration Regulations (EAR) or participation in any transaction involving a person whose export privileges have been denied pursuant to parts 764 or 766 of the EAR. Exports or reexports to individuals and entities listed on the Department of Commerce's Denied Persons List and, in some cases, the Entity List will require separate authorization from the Department of Commerce and further coordination between OFAC and the U.S. Department of State. The Denied Persons List may be accessed at <http://www.bis.doc.gov/index.php/policy-guidance/lists-of-parties-of-concern/denied-persons-list> and the Entity List may be accessed at <http://www.bis.doc.gov/index.php/policy-guidance/lists-of-parties-of-concern/entity-list>. Applicants seeking to engage in transactions that would require separate authorization from the Department of Commerce should submit an application to it when submitting an application to OFAC pursuant to the SLP; the application to OFAC should also identify any individuals or entities that may give rise to a requirement for a separate authorization from the Department of Commerce.

For More Info see section J:

https://www.treasury.gov/resource-center/sanctions/Programs/Documents/jcpoa_faqs.pdf

Oil industry parts and services can be serviced by NON U.S. Person and U.S. Companies.

See section B of this Link:

https://www.treasury.gov/resource-center/sanctions/Programs/Documents/jcpoa_faqs.pdf

SOFTWARE

U.S. Persons may be able to get a license for software use in IRAN, but not for the IRANIAN government or Military End use and Applications.

Licenses may be software specific, more clarity is needed on this commodity.

See section G of this

link: https://www.treasury.gov/resource-center/sanctions/Programs/Documents/jcpoa_faqs.pdf

Chinese national gets 9 years for smuggling nuclear materials to Iran

A Chinese national was sentenced Wednesday in federal court in Boston in connection with obtaining technology from a Massachusetts company that could be used to make nuclear weapons-grade uranium and exporting it to Iran.

Sihai Cheng, also known as [Chun Hai Cheng](#) or Alex Cheng, 35, a citizen of China, was sentenced by U.S. District Court Chief Judge Patti B. Saris to nine years in prison. One of Cheng's [co-conspirators](#), Iranian national Seyed Abolfazl Shahab Jamili, was part of a prisoner swap with Iran earlier this month.

In December 2015, Cheng pleaded guilty to two counts of conspiring to commit export violations and smuggle goods from the United States to Iran and four counts of illegally exporting U.S. manufactured pressure transducers to Iran.

In 2013, Cheng was charged in an indictment with conspiring to export, and exporting, highly sensitive U.S. manufactured goods with nuclear applications to Iran from at least 2009 to 2012. Cheng pleaded guilty to conspiring with other individuals in China and Iran to illegally obtain hundreds of U.S. manufactured pressure transducers manufactured by [MKS Instruments Inc.](#) (Nasdaq: MKSI), headquartered in Andover, Massachusetts, and export them to Iran.

According to prosecutors, Cheng knew that the parts were being supplied to Kalaye Electric Co., an Iranian company responsible for the government of Iran's nuclear centrifuge program and the development of weapons-grade uranium. Pressure transducers can be used in gas centrifuges to enrich uranium and produce weapons-grade uranium and are therefore subject to strict export controls. They cannot be shipped from the United States to China without an export license or shipped from the United States to Iran at all.



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At today's sentencing, prosecutors argued that Cheng's "conduct gravely harmed and jeopardized the national security of the United States as well as other countries throughout the world. Cheng even invoked the threat of war between Iran and the United States as a means of increasing his profits.

According to the U.S. Attorney's Office:

Cheng's network was responsible for supplying Iran thousands of components for its nuclear proliferation activities and advancing Iran's nuclear capabilities. Cheng knew he was providing Iran critical components for use in the development of weapons-grade uranium and that the parts he was supplying were going Iran's nuclear program. Indeed, in 2009, according to evidence at the sentencing hearing, when Cheng supplied his first four shipments of pressure transducers, Iran was secretly constructing the Fordow Fuel Enrichment Plant for the purpose of developing nuclear weapons. Further, based upon expert testimony, from 2009 to 2011, when Cheng supplied Iran 1,185 MKS pressure transducers, Iran was engaged in nuclear proliferation activities.

In imposing the nine-year sentence, Saris found that Cheng "knowingly provided material support to develop a nuclear weapon."

The U.S. Attorney's Office said MKS Instruments Inc., is not a target of this investigation and has been cooperating in the investigation.

Commerce Dept. Moves against Sale of Aircraft to Terrorist-Supporting Iranian Airline

WASHINGTON—The U.S. Commerce Department's Bureau of Industry and Security (BIS) has acted against five parties who are attempting to sell two U.S. origin aircraft to Caspian Airlines, a designated Iranian airline. The U.S. Department of the Treasury designated Caspian in 2014 for its support for terrorism, sanctions that are not being lifted under the Joint Comprehensive Plan of Action (JCPOA).



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The action, called a “temporary denial order” (TDO), suspends the export privileges of Ribway Airlines Company Limited, Af-Aviation Limited, Andy Farmer, John Edward Meadows, and Jeffrey John James Ashfield Both aircraft are registered in Gambia and, according to the registration documents, are currently owned by Ribway. Meadows and Ashfield were both involved in brokering the sale of the aircraft to Caspian.

On January 16, 2016, pursuant to commitments in the JCPOA, Treasury’s Office of Foreign Assets Control (OFAC) announced a statement of licensing policy (SLP) under which U.S. and non U.S. persons may request specific authorization from OFAC to engage in transactions for the sale of commercial passenger aircraft and related parts and services to Iran exclusively for civil passenger aviation end uses, so long as such transactions are consistent with U.S. law and do not involve any person on OFAC’s Specially Designated Nationals and Blocked Persons List (SDN List). Caspian Airlines, which was designated for its support to the IRGC in August 29, 2014, remains on the SDN List and is ineligible for this favorable licensing policy.

“U.S. sanctions imposed on Iran because of its support for terrorism remain in place notwithstanding the implementation of the JCPOA,” noted Commerce Assistant Secretary for Export Enforcement David W. Mills. “BIS continues to actively investigate and enforce U.S. export controls on Iran, especially when those activities are in support of entities that have been designated for their support for terrorism,” he added.

BACKGROUND

Temporary Denial Orders are issued by the Assistant Secretary for Export Enforcement, denying the export privileges of a company or individual to prevent an imminent or on-going export control violation. These orders are issued for a renewable 180-day period and cut off not only the right to export from the United States, but also the right to receive or participate in exports from the United States.

BIS is the principal agency involved in the implementation and enforcement of export controls for commercial technologies and many military items. The BIS Office of Export Enforcement detects, prevents, investigates and assists in the sanctioning of illegal exports of such items. For more information, please visit us at www.bis.doc.gov, and follow us on Twitter: <http://twitter.com/BISgov>.



Industry Notice: DDTC Reorganization

The Directorate of Defense Trade Controls (DDTC) is pleased to announce that Lisa Aguirre's position as Director of the Office of Defense Trade Controls Management has been elevated with the new title of Managing Director. DDTC is realigning its senior leadership structure, with the office directors continuing to report directly to the Deputy Assistant Secretary (DAS). Ms. Aguirre, in her new capacity, will serve as deputy to the DAS, acting when the DAS is unavailable, and dividing the DDTC front office responsibilities with the DAS. In this regard, Ms. Aguirre will serve in a new role in DDTC, and, although DDTC is using a title that has been previously used in the organization, this new role has different responsibilities from those of the past. (1.20.16)

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