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February 1 - Volume 14, Issue 2

The Department of State reissued the Travel Advisory for Ukraine to update the information regarding the operating status. This replaces the previous Travel Advisory issued on February 10, 2022

02/12/2022 08:55 AM EST
Office of the Spokesperson
The full text of the updated Travel Advisory is as follows:

Ukraine – Level 4: Do Not Travel O H U C

Do not travel to Ukraine due to the increased threats of Russian military action and COVID-19; those in Ukraine should depart immediately via commercial or private means. If remaining in Ukraine, exercise increased caution due to crime, civil unrest, and potential combat operations should Russia take military action. Some areas have increased risk. Read the entire Travel Advisory.

On February 12, 2022, the Department of State ordered the departure of most U.S. direct hire employees from Embassy Kyiv due to the continued threat of Russian military action. U.S. citizens should not travel to Ukraine, and those in Ukraine should depart immediately using commercial or other privately available transportation options. The Department previously authorized the voluntary departure of U.S. direct hire employees and ordered the departure of eligible family members on January 23, 2022.

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NEWSLETTER NOTES

As of Sunday, February 13, 2022, the Department of State will suspend consular services at the U.S. Embassy in Kyiv. The Embassy will maintain a small consular presence in Lviv, Ukraine to handle emergencies, but will not be able to provide passport, visa or routine consular services. U.S. citizens may seek these services at U.S. Embassies in neighboring countries. U.S. citizens seeking emergency assistance in Ukraine should complete this online form and the State Department will respond.

U.S. citizens who decide to remain in Ukraine and who do not depart immediately as advised, should also complete this online form so that we may better communicate with you.

There are continued reports of a Russian military build-up on the border with Ukraine, indicating potential for significant military action against Ukraine. The security conditions, particularly along Ukraine's borders, in Russia-occupied Crimea, and in Russia-controlled eastern Ukraine, are unpredictable and can deteriorate with little notice. Demonstrations, which have turned violent at times, regularly occur throughout Ukraine, including in Kyiv.

U.S. citizens in Ukraine should be aware that the U.S. government will not be able to evacuate U.S. citizens in the event of Russian military action anywhere in Ukraine. Military action may commence at any time and without warning and would also severely impact the U.S. Embassy's ability to provide consular services, including assistance to U.S. citizens in departing Ukraine. For more information, please review what the U.S. government can and cannot do to assist you in a crisis overseas.

Crimea – Do Not Travel

Russia occupies and has attempted to annex Ukraine's Crimea peninsula, and there is extensive Russian Federation military presence in Crimea. Occupation authorities continue to abuse and arbitrarily imprison foreigners and the local population, particularly individuals who are seen as opposing Russia's occupation of the peninsula. The U.S. government prohibits its employees from traveling to Crimea and is unable to provide emergency services to U.S. citizens in Crimea.

Donetsk and Luhansk – Do Not Travel

Russia-led forces control areas of the Donetsk and Luhansk oblasts, where the ongoing armed conflict has resulted in more than 14,000 deaths. Individuals, including U.S. citizens, have been threatened, detained, or kidnapped for hours or days after being stopped at checkpoints controlled by Russia-led forces. The U.S. government restricts U.S. direct hire employees from traveling to the eastern parts of the Donetsk and Luhansk oblasts and adjacent regions, which limits the ability to provide emergency services to U.S. citizens in these regions.

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Crime targeting foreigners and property is common. Politically targeted assassinations and bombings have also occurred. There are reports of violent attacks on minority groups and police by radical groups.

COVID – Do Not Travel

Visit the Embassy's COVID-19 page for more information on COVID-19 and related restrictions and conditions in Ukraine. Read the Department of State's COVID-19 page before you plan any international travel. The Centers for Disease Control and Prevention (CDC) has issued a Level 4 Travel Health Notice for Ukraine, indicating a very high level of COVID-19 in the country. Your risk of contracting COVID-19 and developing severe symptoms is lower if you are fully vaccinated with an FDA authorized vaccine. Before planning any international travel, please review the CDC's specific recommendations for fully vaccinated and unvaccinated travelers.

The Federal Aviation Administration (FAA) prohibits U.S. civil aviation from flying in the Dnipro (UKDV) Flight Information Region – Ukraine airspace that covers the cities of Donetsk and Luhansk. For more information, U.S. citizens should consult the Federal Aviation Administration's Prohibitions, Restrictions and Notices.

If you are currently in Ukraine or plan to travel to travel, there:

- Read the Department's country information page.
- Familiarize yourself with information on what the U.S. government can and cannot do to assist you in a crisis overseas.
- Have a contingency plan in place that does not rely on U.S. government assistance.
- Review the Traveler's Checklist.
- Visit our website for Travel to High-Risk Areas.
- Monitor local media for breaking events and adjust your contingency plans based on the new information.
- Ensure travel documents are valid and easily accessible.
- See the U.S. Embassy's website regarding COVID-19.
- Visit the CDC's website on Travel and COVID-19.
- Get a COVID vaccine to facilitate your travel.
- Understand the COVID testing and vaccine requirements for all countries that you will transit through to your destination.
- Enroll in the Smart Traveler Enrollment Program (STEP) to receive Alerts and make it easier to locate you in an emergency.
- Follow the Department of State on Facebook and Twitter.
- Review the Country Security Report for Ukraine.
- Avoid demonstrations and crowds.

U.S. Department of State Concludes $840,000 Settlement of Alleged Export Violations by Torrey Pines Logic, Inc. and Dr. Leonid B. Volfson

01/31/2022 10:48 AM EST

Office of the Spokesperson

The U.S. Department of State has concluded an administrative settlement with Torrey Pines Logic, Inc. (TPL) of San Diego, California and Dr. Leonid B. Volfson, to resolve alleged violations of the Arms Export Control Act (AECA), 22 U.S.C. § 2751 *et seq*., and the International Traffic in Arms Regulations (ITAR), 22 C.F.R. Parts 120-130. The Department of State, TPL, and Dr. Volfson have reached this settlement following an extensive compliance review by the Office of Defense Trade Controls Compliance in the Department's Bureau of Political-Military Affairs.

This agreement pursuant to ITAR § 128.11 resolves alleged ITAR violations involving the attempted unauthorized export of defense articles; the unauthorized export of defense articles to various countries, including the People's Republic of China and Lebanon, which are proscribed destinations under ITAR § 126.1, and Russia, a country that was, at the time of the violations, subject to restrictive measures on defense exports per the Department of State public announcement on April 28, 2014; the involvement in ITAR-regulated activities while ineligible; and the failure to maintain and produce records.

The settlement demonstrates the Department's role in strengthening U.S. industry by protecting U.S.-origin defense articles from unauthorized exports. The settlement also highlights the importance of obtaining appropriate authorization from the Department before exporting ITAR-controlled defense articles.

Under the terms of the 36-month Consent Agreement, TPL and Dr. Volfson will pay a civil penalty of $840,000. The Department has agreed to suspend $420,000 of this amount on the condition that the funds will be used for Department-approved Consent Agreement remedial compliance measures to strengthen TPL's compliance program. In addition, for the duration of the Consent Agreement, an external Special Compliance Officer will be engaged by TPL to oversee the Consent Agreement, which will also require the company to conduct one external audit of its compliance program and implement additional compliance measures.

These terms reflect the cooperation TPL and Dr. Volfson provided to the Department. They submitted a voluntary disclosure, which included a third-party audit report that identified various export violations; cooperated with the Department's investigation by responding to numerous requests for additional information; and entered into successive agreements with the Department extending the statute of limitations period for certain violations.

The Consent Agreement and related documents will be available for public inspection in the Public Reading Room of the Department of State and on the Penalties and Oversights Agreements section of the Directorate of Defense Trade Controls' website.

For additional information, please contact the Bureau of Political-Military Affairs' Office of Congressional and Public Affairs at pm-cpa@state.gov.

F-35 Crash Off Carl Vinson Is the Ship's 5th Major Mishap in 2 Months

25 Jan 2022

Military.com | By Konstantin Toropin

An F-35C Lightning II fighter suffered "a landing mishap" on the deck of the USS Carl Vinson in the South China Sea on Monday. It left seven sailors injured while the pilot safely ejected and was later recovered, the Navy confirmed, marking the fifth major mishap aboard the deployed carrier since late November.

Between Nov. 22 and Tuesday, Carrier Air Wing 2 reported four other major incidents involving aircraft. Naval Safety Center data shows that the first incident, which occurred Nov. 22, was an in-flight engine fire aboard an F/A-18E Super Hornet that was able to land successfully.

Two days later, a MH-60R Seahawk helicopter "unexpectedly" lost its sonar dipping equipment while conducting a training flight. The third incident happened Nov. 29 and involved another F/A-18E Super Hornet. That time, an issue with the plane's left engine forced its pilot to shut it down and land using the other, good engine. Finally, on Dec. 31, a CMV-22B had an engine fire while on the Carl Vinson's deck.

US puts drone maker DJI and seven other Chinese companies on investment blocklist

Steve Dent11:56 AM EST•December 15, 2021

The US government will place eight Chinese companies including drone manufacturer DJI on an investment blocklist for alleged involvement in surveillance of Uyghur Muslims, the *Financial Times* has reported. The firms will reportedly be put on the Treasure department's "Chinese military-industrial complex companies" list on Tuesday, meaning US citizens will be barred from making any investments.

DJI is already on the Department of Commerce's Entity list, meaning American companies can't sell it components unless they have a license. At the time, the government said it was among companies that "enabled wide-scale human rights abuses within China through abusive genetic collection and analysis or high-technology surveillance." However, unlike products from Huawei and others, DJI drones are have not been banned for sale in the US.

The latest moves are part of an effort by US President Joe Biden to sanction China for repression of Uyghurs and other ethnic minorities in the Xinjiang region. Others that will be added to the list include cloud computing firms and facial recognition companies that operate in Xinjiang.

Yesterday, the US House and Senate passed a bill that would ban imports from Xinjiang, unless companies could prove they were not made using forced labor. It's set for a vote in the upper chamber of Congress prior to a holiday recess.

Xiaomi was placed on the same investment blocklist early in 2021. However, it fought the decision, saying that none of its principals were connected with the Chinese military and that a lack of US investment would lead to "immediate and irreparable harm." In May, the government agreed to lift the ban.

In 2020, DJI commanded a massive 77 percent of the consumer drone market. Over the last two months, it has released a pair of key products, the large-sensor Mavic 3 drone and full-frame Ronin 4D cinema camera with a built-in gimbal and LiDAR focus system. A year ago, DJI said it had "done nothing to justify being placed on the Entity list," and that "customers in America can continue to buy and use DJI products normally."

Editor's note: *This article originally appeared on Engadget*

DEPARTMENT OF COMMERCE
Bureau of Industry and Security

15 CFR Part 744
[Docket No. 220120–0031]
RIN 0694–AI69
Revisions to the Unverified List

AGENCY: Bureau of Industry and Security, Commerce.

ACTION: Final rule.

SUMMARY: The Bureau of Industry and Security (BIS) is amending the Export Administration Regulations (EAR) by adding thirty-three (33) persons to the Unverified List (UVL). The thirty-three persons are added to the UVL on the basis that BIS was unable to verify their bona fides because an end-use check could not be completed satisfactorily for reasons outside the U.S. Government's control.

DATES: This rule is effective: February 8, 2022.

FOR FURTHER INFORMATION CONTACT: Linda Minsker, Director, Office of Enforcement Analysis, Phone: (202) 482–4255 or by email at UVLRequest@bis.doc.gov.

SUPPLEMENTARY INFORMATION: Background
The Unverified List, found in supplement no. 6 to part 744 of the EAR (15 CFR parts 730 through 774), contains the names and addresses of foreign persons who are or have been parties to a transaction, as such parties are described in § 748.5 of the EAR, involving the export, reexport, or transfer (in-country) of items subject to the EAR, and whose bona fides (i.e., legitimacy and reliability relating to the end use and end user of items subject to the EAR) BIS has been unable to verify through an end-use check. BIS may add persons to the UVL when BIS or Federal officials acting on BIS's behalf have been unable to verify a foreign person's bona fides because an end-use check, such as a pre-license check (PLC) or a post-shipment verification (PSV), cannot be completed satisfactorily for reasons outside the U.S. Government's control. There are occasions when, for a number of reasons, including but not limited to reasons unrelated to the cooperation of the foreign party subject to the end-use check, end-use checks cannot be completed. For example, BIS sometimes initiates end-use checks but is unable to complete them because the foreign party cannot be found at the address indicated on the associated export documents and BIS cannot locate the party by telephone or email. Additionally, BIS sometimes is unable to conduct end-use checks when host government agencies do not respond to requests to conduct end-use checks, prevent the scheduling of such checks, or refuse to schedule them in a timely manner.

Under circumstances such as these, although BIS has an interest in informing the public of its inability to verify the foreign party's bona fides, there may not be sufficient information to add the foreign person at issue to the Entity List under § 744.11 of the EAR (Criteria for revising the Entity List). In such circumstances, BIS may add the foreign person to the UVL. Furthermore, BIS sometimes conducts end-use checks but cannot verify the bona fides of a foreign party. For example, BIS may be unable to verify bona fides if, during the conduct of an end-use check, a recipient of items subject to the EAR is unable to produce the items that are the subject of the end- use check for visual inspection or provide sufficient documentation or other evidence to confirm the disposition of the items. The inability of foreign persons subject to end-use checks to demonstrate their bona fides raises concerns about the suitability of such persons as participants in future exports, reexports, or transfers (in- country) of items subject to the EAR and indicates a risk that such items may be diverted to prohibited end uses and/or end users. However, BIS may not have sufficient information to establish that such persons are involved in activities described in part 744 or 746 of the EAR, preventing the placement of the persons on the Entity List. In such circumstances, the foreign persons may be added to the UVL. As provided in § 740.2(a)(17) of the EAR, the use of license exceptions for exports, reexports, and transfers (in-country) involving a party or parties to the transaction who are listed on the UVL is suspended. Additionally, under § 744.15(b) of the EAR, there is a requirement for exporters, reexporters, and transferors to obtain (and maintaina record of) a UVL statement from a party or parties to the transaction who are listed on the UVL before proceeding with exports, reexports, and transfers (in-country) to such persons, when the exports, reexports and transfers (in- country) are not subject to a license requirement. Requests for the removal of a UVL entry must be made in accordance with § 744.15(d) of the EAR. Decisions regarding the removal or modification of UVL entry will be made by the Deputy Assistant Secretary for Export Enforcement, based on a demonstration by the listed person of its bona fides. Changes to the EAR Supplement No. 6 to Part 744 (''the Unverified List'' or ''UVL'') Along with the additions to the UVL detailed below, this rule also changes the country name of ''China'' in the first column of the UVL to the ''People's Republic of China.'' This change reflects how China is described in the Entity List and Military End-User List, both supplements to part 744. This rule adds thirty-three persons to the UVL by amending Supplement No. 6 to part 744 of the EAR to include their names and addresses. BIS is adding these persons pursuant to § 744.15(c) of the EAR, on the basis that BIS could not verify their bona fides because an end-use check on transactions subject to the EAR in which these persons were parties could not be completed satisfactorily for reasons outside the U.S. Government's control. This final rule implements the decision to add the following thirty-three persons located in China to the UVL:

China, People's Republic of:

1. AECC South Industry Co., Ltd., Dongjiaduan, Lusong District, Zhuzhou, Hunan Province, China

2. Beijing SWT Science, Yingbinbei Road 36, Yanjiao Economic & Development Zone, Sanhe City, Hebei Province, China

3. Beijing Zhonghehangxun Technology Co., Ltd., Room 1705, Kaixuancheng Building E, No. 170 Beiyuan Road, Chaoyang District, Beijing, China

4. China National Erzhong Group Deyang Wanhang Die Forging Co., Ltd., No. 460 Zhujiang Road West, Deyang City, Sichuan Province, China

5. Chuzhou HKC Optoelectronics Technology Co., Ltd., No.101 Suchu Ave., Economic and Technological Development Zone, Nanqiao District, Chuzhou, Anhui Province 239000, China

6. Dongguan Durun Optical Technology Co., Ltd., Building M Shing'ang Industrial Area, Houda Road, Dalingshan, Dongguan, Guangdong Province 523000, China

7. Dongguan Huiqun Electronic Co., Ltd., 30 Daling Street, Jiaoyitang, Tangxia Town, Dongguan City, Guangdong Province 523723, China

8. Guangdong Guanghua Sci-Tech Co., No. 295 Daxue Road, Shantou, Guangdong Province, China

9. Guangxi Intai Technology Co., Ltd., 1 Jianan Road, Liuzhou City, Guangxi Province, China

10. Guangzhou Hymson Laser Tehnology Co., Ltd., No. 2 Shiling Road, Dongchong Town, Nansha District, Guangzhou, Guangdong Province 511453, China

11. Harbin Xinguang Feitian, 1717 Chuangxin Yi Road, Harbin, Heilongjiang Province, China
12. Hefei Anxin Reed Precision Co., Ltd., No. 15 South Feiyang Road, Dayang Industry Park, Luyang District, Hefei City, Anhui Province 230000, China

13. Heshan Deren Electronic Technology Co., Ltd., No. 13 Hongjiang Road, Heshan Industry City, Heshan City, Guangdong Province 529728, China

14. Hubei Longchang Optical Co., Ltd., No. 4 Group Lianhuayan Village, Yaojiadian Town, Yidu City, Hubei Province 44300, China

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15. Hubei Sinophorus Electronic Materials Co., Ltd., No. 66–3, Xiaoting Road, Yichang, Hubei Province, China

16. Hunan University, State Key Lab of Chemo/Biosensing & Chemometrics, Lushan Road, Yuelu District, Changsha, Hunan Province, China

17. Jinan Bodor CNC Machine Co., Ltd., 1299 Xinluo Ave., Hi-Tech Zone, Jinan, Shandong Province, China

18. Jiutian Intelligent Equipment Co., Ltd., Woyun Road, Taohue Industry Park, Hefei Economic Zone, Hefei, Anhui Province, China

19. Kunshan Heng Rui Cheng Industrial Technology Co., Ltd., No. 1088 Datong Road, Penglang Town, Kunshan Development Zone, Kunshan, Jiangsu 215300, China

20. Shanghai Fansheng Optoelectronic Science & Technology Co., Ltd., No. 56 Jungong Road, Yangpu District, Shanghai, China

21. Shanghai Micro Electronics Equipment (Group) Co., Ltd., No. 1525 Zhangdong Road, Zhangjiang Hi- Tech Park, Pudong, Shanghai, China

22. Shuang Xiang (Fujian) Electronics, No. 158 Jiangbin East Ave., Mawei, Fuzhou, Fujian 350300, China

23. Southern University of Science and Technology, Department of Mechanical and Energy Engineering, 1088 Xueyuan Ave., Nanshan District, Shenzhen, Guangdong 518055, China

24. Suzhou Chaowei Jingna Optoelectric Co., Ltd., No. 97–1 Dongyuan Road, Jinting Town, Wuzhong District, Suzhou, Jiangsu, China

25. Suzhou Gyz Electronic Technology Co., Ltd., No. 629 Songjiagang Road, Zhoushi Town, Kunshan City, Jiangsu Province 215314, China

26. Suzhou Lylap Mould Technology Co., Ltd., No. 66–26 Linggang Road, Luzhi Town, Wuzhong District, Suzhou, Jiangsu Province, China

27. Wuxi Biologics Co., Ltd., No. 108, Warehouse, Meiliang Road, Mashan Binghu, Wuxi, China, and No. 178 West Meiliang Road, Mashan Binghu District, Wuxi, China, and No. 200 Meiling Road, Mashan Town, Binhu District, Wuxi City, China

28. Wuxi Biologics (Shanghai) Co., Ltd., Room 701, 7F, No. 02 Huajing Road, Waigaoqiao Free Trade Zone, Shanghai, China, and Bldg. 71–B, 96 Yiwei Road, Waigaoqiao Free Trade Zone, Shanghai, China

29. Wuxi Turbine Blade Co., Ltd., 1800 Huishan Avenue, Huishan Economic Development District, Wuxi, Jiangsu Province, China

30. Yunnan Fs Optics Co., Ltd., Hongta Industrial Zone, Hongta District, Yuxi, Yunnan Province, China

31. Yunnan Tianhe Optoelectronic Co., Ltd., Longquan Avenue, Longquan Industrial Zone, Jiangchuan, Yuxi City, Yunnan Province, China

32. Zhengzhou Baiwai Intelligent Automation, National University Tech Park, Changchun Road, #11 Hi-Tech District, Zhengzhou City, Henan Province, China

33. Zhuzhou CRRC Special Equipment Technology Co., No. 79 Liancheng Road, Shifeng District, Zhuzhou City, Hunan Province 412001, China

Export Control Reform Act of 2018 On August 13, 2018, the President signed into law the John S. McCain National Defense Authorization Act for Fiscal Year 2019, which included the Export Control Reform Act of 2018 (ECRA), 50 U.S.C. 4801–4852. ECRA provides the legal basis for BIS's principal authorities and serves as the authority under which BIS issues this final rule.

Savings Clause Shipments (1) removed from license exception eligibility or that are now subject to requirements in § 744.15 of the EAR as a result of this regulatory action; (2) eligible for export, reexport, or transfer (in-country) without a license before this regulatory action; and (3) on dock for loading, on lighter, laden aboard an exporting carrier, or en route aboard a carrier to a port of export, on February 8, 2022, pursuant to actual orders, may proceed to that UVL listed person under the previous license exception eligibility or without a license so long as the items have been exported from the United States, reexported or transferred (in-country) before March 11, 2022. Any such items not actually exported, reexported, or transferred (in- country) before midnight on March 10, 2022 are subject to the requirements in § 744.15 of the EAR in accordance with this regulation.

U.S. Department of Commerce and Goldman Sachs 10,000 Small Businesses Launch New Partnership to Help Small Businesses Export

Innovative Three-Part Educational Series Will Provide Small Business Owners with Tools and Training to Enter International Markets, Globalize Their Digital Brand and Develop Export Finance Strategies

WASHINGTON — The U.S. Department of Commerce and Goldman Sachs 10,000 Small Businesses today announced the launch of a new partnership to facilitate export-led growth for small businesses at a roundtable discussion at Morgan State University. “New Year, New Growth, New Global Sales” is a three-part educational series led by Goldman Sachs 10,000 Small Businesses and the United States Department of Commerce’s International Trade Administration. The initiative will equip small business owners with resources to help them reach international markets and sell their products and services.

With most of the world’s purchasing power outside the U.S. and small businesses employing more than 50% of the U.S. private sector workforce, there is significant opportunity for America’s small businesses. By expanding to international markets, small businesses will create jobs in communities across the U.S. According to the U.S. International Trade Commission, small businesses that export pay their employees 16% more than businesses that don’t export and earn more revenue. Moreover, there is even more opportunity for small businesses that work with the International Trade Administration: 92% of them export to multiple international markets.

“The Department of Commerce is excited to launch this innovative partnership with Goldman Sachs 10,000 Small Businesses, which will provide small businesses with the resources and technical knowledge they need to sell their products and services around the world,” said Gina M. Raimondo, U.S. Secretary of Commerce. “President Biden and this Administration knows that small businesses are the backbone of our economy. The Department of Commerce and our trade experts at our International Trade Administration are deeply committed to helping America’s small businesses grow and create jobs in our communities.”

“Goldman Sachs 10,000 Small Businesses is proud to launch this partnership with the U.S. Department of Commerce, which will equip more small businesses with the resources they need to sell their products and services in international markets,” said John F. W. Rogers, Goldman Sachs Executive Vice President and Chairman of the Goldman Sachs Foundation.

“Graduates of our 10,000 Small Businesses program are growth-oriented entrepreneurs, and we are eager to see them compete globally.”

The partnership will include a three-part educational series, held February 15, February 22, and March 1, during which small business owners will learn how to enter new international markets, globalize their digital brand, and develop export finance strategies with guidance from trade specialists from the U.S. Department of Commerce's International Trade Administration. Participants will also learn from fellow small business owners and graduates of 10,000 Small Businesses who are exporting successfully.

“Exporting can be a tall task for small businesses. That's why I'm so grateful that I was able to navigate this terrain with the help of Goldman Sachs 10,000 Small Businesses and the Department of Commerce’s International Trade Administration. Our company is now exporting to 14 countries, and I’m thrilled to be part of this initiative to help other small businesses reach international markets,” said Natalie Kaddas, CEO of Utah-based Kaddas Enterprises and graduate of the Goldman Sachs 10,000 Small Businesses program. “There's no question — I couldn’t have done this alone, and I’m glad Secretary Raimondo and her team are focused on helping America’s small businesses.”

“I’m delighted that Goldman Sachs 10,000 Small Businesses has launched a partnership with the Department of Commerce’s International Trade Administration. Small businesses like mine will benefit tremendously from the various resources available to help us grow by exporting,” said Funlayo Alabi, CEO and Co-founder of Maryland-based Shea Radiance and graduate of 10,000 Small Businesses. “I’m grateful that I had the opportunity to learn about growing my business through exporting, and I’m very pleased to participate in launching this initiative that will help so many of America’s small businesses compete globally. At Shea Radiance, we look forward to selling our products in two or three new markets this year.”

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STEEL TARIFFS LIFTED FOR JAPAN

10 February 2022
By:Richard Newcomb Nate Bolin Martin Schaefermeier Karla Cure
On February 7, 2022, the US and Japan announced that they had reached an agreement to partially lift 25-percent tariffs on certain Japanese-origin steel imports that had been imposed in 2018 under Section 232 of the Trade Expansion Act of 1962.[1] As a result, beginning April 1, 2022, steel from Japan will be subject to a tariff-rate quota (TRQ), allowing a yearly set volume to enter the US tariff-free. In addition, imports of Japanese-origin derivative articles of steel will not be subject to Section 232 tariffs.[2] The agreement with Japan is similar in many respects to the US-EU steel agreement that went into effect on January 1, 2022, previously discussed here.

To be eligible for tariff-free treatment, steel must be "melted and poured" in Japan

To be eligible for tariff-free treatment under the TRQ, steel imports must be "melted and poured" in Japan – that is, produced in Japan in an electric arc furnace or basic oxygen furnace, or through a similar production method.[3] US importers will be required to provide relevant documentation demonstrating that the imports meet the "melted and poured" requirements. This documentation will typically include steel mill test certificates and other evidence of the origin and method of production of the steel. Failure to provide adequate evidence when the merchandise enters the US could result in the imposition of tariffs, penalties or both.

Tariffs will continue to apply to imports that exceed the quota levels

Under the agreed TRQ, the quantity of steel eligible for tariff-free treatment is limited to a maximum of 1.25 million metric tons per year, allocated on a quarterly basis over 54 separate categories based on the level of such imports in the 2018-2019 period. A breakdown of the 54 product categories can be found here. Any imports that exceed the quarterly quota will remain subject to the 25-percent tariff unless the importer has obtained a separate exclusion.

If the total volume of imports in a quarter does not exceed the quota for that quarter, up to 4 percent of the unused quota can roll over to the next but one quarter. For example, up to 4 percent of any unused volume from the first quarter of each year may roll over to the third quarter of the same year.

The quota volume will be allocated to importers on a first-come, first-serve basis for each product category. The US will publicly provide information on the use of the quota for each product category, including information on any rollover volumes.

Annual adjustments to quota levels are possible

The US will also conduct annual reviews of the quota levels and make adjustments based on changes in US apparent consumption of steel on an annual basis. Such adjustments are capped at a maximum of 3 percent of the prior year's quota and are only triggered if the increase or decrease in US apparent consumption of steel exceeds 6 percent on a year-on-year basis.

Importers may continue to use the Section 232 exclusion process

The agreement will maintain the existing Section 232 exclusion process for steel imported from Japan. Thus, exclusions will remain an avenue for US importers who source steel from Japan to avoid paying Section 232 tariffs without having to worry about whether such imports will be eligible under the quota.

Bilateral cooperation on global steel overcapacity and subsidization

Similar to the recent US agreement with the EU on Section 232 tariffs, the US and Japan have committed to work together to address subsidies and other non-market practices identified as responsible for global overcapacity in the steel and aluminum industries. Among other initiatives, the countries will expand their cooperation on antidumping and countervailing duty actions and customs law compliance, monitor trends in global and bilateral steel and aluminum trade, and pursue ways to reduce excess capacity and carbon emissions in the steel and aluminum industries.

Importers and purchasers of steel from Japan should closely monitor implementation of the agreement

US importers of steel from Japan and other entities with businesses involving Japanese steel imports should prepare for the implementation of the agreement on April 1. Among other things, companies may wish to review whether their imports are within the 54 product categories and plan accordingly to comply with the quota levels and entry requirements. Companies should also still consider using the Section 232 exclusion process to provide stable access to certain steel from Japan.

If you have any questions or would like to discuss your company's situation, please contact any of the authors or your regular DLA Piper contacts.

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This agreement pursuant to ITAR § 128.11 resolves alleged ITAR violations involving the attempted unauthorized export of defense articles; the unauthorized export of defense articles to various countries, including the People's Republic of China and Lebanon, which are proscribed destinations under ITAR § 126.1, and Russia, a country that was, at the time of the violations, subject to restrictive measures on defense exports per the Department of State public announcement on April 28, 2014; the involvement in ITAR-regulated activities while ineligible; and the failure to maintain and produce records.

The settlement demonstrates the Department's role in strengthening U.S. industry by protecting U.S.-origin defense articles from unauthorized exports. The settlement also highlights the importance of obtaining appropriate authorization from the Department before exporting ITAR-controlled defense articles.

Under the terms of the 36-month Consent Agreement, TPL and Dr. Volfson will pay a civil penalty of $840,000. The Department has agreed to suspend $420,000 of this amount on the condition that the funds will be used for Department-approved Consent Agreement remedial compliance measures to strengthen TPL's compliance program. In addition, for the duration of the Consent Agreement, an external Special Compliance Officer will be engaged by TPL to oversee the Consent Agreement, which will also require the company to conduct one external audit of its compliance program and implement additional compliance measures.

These terms reflect the cooperation TPL and Dr. Volfson provided to the Department. They submitted a voluntary disclosure, which included a third-party audit report that identified various export violations; cooperated with the Department's investigation by responding to numerous requests for additional information; and entered into successive agreements with the Department extending the statute of limitations period for certain violations.

The Consent Agreement and related documents will be available for public inspection in the Public Reading Room of the Department of State and on the Penalties and Oversights Agreements section of the Directorate of Defense Trade Controls' website.

For additional information, please contact the Bureau of Political-Military Affairs' Office of Congressional and Public Affairs at pm-cpa@state.gov.

Navy engineer pleads guilty to conspiring to share U.S. nuclear submarine secrets

Jonathan Toebbe of Annapolis, Md., was arrested in October with his wife, accused of trying to sell U.S. nuclear submarine secrets to an unidentified foreign country. Under the terms of the plea deal, Toebbe faces a likely sentence of between 12 and 17 and a half years. The plea deal does not resolve the charges against his wife.

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Web Notice: The Directorate of Defense Trade Controls (DDTC) is currently in the process of modernizing its IT systems. During this time period, we anticipate there may be delays in response times and time to resolve IT related incidents and requests. We apologize for any inconvenience, and appreciate your patience while we work to improve DDTC services. If you need assistance, please contact the DDTC Service Desk at (202) 663-2838, or email at DtradeHelpDesk@state.gov (06.28.16)