



EIB World Trade Headlines

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NEWSLETTER NOTES

Export.gov Has Come a Long Way

Did you know that nearly 96 percent of consumers live outside the U.S. and two-thirds of the world's purchasing power is in foreign countries? Go where the customers are! There is significant opportunity for small businesses to profit through exporting.

Export.gov is the official USA portal for everything export.

All regulatory agencies can now be accessed through this one site. It offers links to regulations, market news, US State Department and Commerce Dept.

marketing programs by business sector and lots of interesting information in between.

Already exporting? Great! Grow your sales by expanding into new markets.

Register/Login to Export.gov to receive personalized information on your markets.

Please take a look when you get a chance.

*Export.gov Has Come...

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Country Guidance

The country of ultimate destination is a key factor in determining license requirements administered by the Bureau of Industry and Security (BIS) pursuant to the [Export Administration Regulations \(EAR\)](#). BIS maintains the [Commerce Country Chart](#) to use in conjunction with other portions of the EAR to determine whether a license is required. Please review [Part 732 of the EAR](#) for additional information on how to use the EAR, including the Commerce Country Chart.

As a service to the exporting community, BIS maintains country-specific webpages for [Hong Kong](#), [Iraq](#), and sanctioned destinations ([Cuba](#), [Iran](#), [North Korea](#), [Sudan](#), and [Syria](#)). The corresponding country pages are intended to assist exporters and reexporters with determining the export and reexport requirements pursuant to the EAR. However, the webpages are not comprehensive and do not serve as replacements for the EAR.

Exporters and reexporters should be aware that other U.S. Government agencies administer regulations that could also impact their export or reexport transactions. For example, the Department of the Treasury's [Office of Foreign Assets Control \(OFAC\)](#) also implements certain sanctions against Cuba, Iran, North Korea, Sudan, and Syria. Exporters and reexporters are responsible for complying with all applicable regulatory requirements. <http://www.bis.doc.gov/index.php/policy-guidance/country-guidance>

HONG KONG COUNTRY GUIDANCE

Licensing Policy

The Hong Kong Special Administrative Region (HKSAR) and the People's Republic of China (the PRC or Mainland China) are treated as two separate destinations under U.S. law for export control purposes (See Hong Kong's separate entry on the [Commerce Country Chart in Supplement No. 1 to Part 738 of the Export Administration Regulations \(EAR\)](#)) The United States-Hong Kong Policy Act of 1992 (Public Law 102-383, 106 Stat. 1448, Oct. 5, 1992) allows the United States to continue to treat Hong Kong separately from mainland China for matters concerning trade and export control. Hong Kong administers its own import and export systems and, owing to its status as a cooperating country with multilateral export control regimes, receives favorable treatment with regard to U.S. export licensing and regulations.

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In most cases, a license issued for an export to Hong Kong is valid only for export to Hong Kong. Certain items subject to the EAR that do not require an individual validated license for export from the United States to Hong Kong will require a license for reexport from Hong Kong to China. However, if prior to export from the United States you know that the item will be reexported to China, you should apply for a license for export to China with an parties identified, including those in Hong Kong.

Tiananmen Square Sanctions

Following the 1989 military assault on demonstrators by the PRC in Tiananmen Square, the U.S. Government imposed constraints on the export to the PRC of certain items on the [Commerce Control List \(CCL\)](#). Pursuant to Section 902(a)(4) of the Foreign Relations Authorization Act for fiscal year 1990-1991, Public Law 101-246 (February 16, 1990), better known as the U.S. Tiananmen Square Sanctions, BIS reviews applications for the export or reexport to China of items controlled for Crime Control (CC) reasons under a general policy of denial. However, under the "one country, two systems" principle, BIS reviews applications for the export or reexport to Hong Kong Government end-users, or in certain cases to private end-users, on a case-by-case basis.

License Exceptions

A license exception is an authorization to export or reexport certain items under stated conditions without a license, even though such exports or reexports would otherwise require a license. There are certain limited circumstances in which a license exception may be available for export to Hong Kong, or for reexport from Hong Kong to China, based on a number of factors, including the Export Control Classification Number (ECCN), the end-user and the end-use. You should consult [Part 740 of the EAR](#) for details on whether or not a license exception is available for export to Hong Kong or reexport from Hong Kong to China.

<http://www.bis.doc.gov/index.php/policy-guidance/country-guidance/hong-kong>



Record Number of Nations Oppose US Embargo of Cuba in UN Vote

In an overwhelming UN vote, 188 countries have called on the US to lift its 53-year trade embargo on Cuba. Havana has slammed the financial sanctions as a flagrant violation of human rights and said they are tantamount to genocide.

The recording-breaking opposition to the embargo saw Israel isolated as the only country to vote in support of the US. Palau, the island nation that got behind the US last year, abstained in the 22nd UN annual vote, along with Micronesia and Marshall Islands.

Cuba's Foreign Minister Bruno Rodriguez Parrilla conveyed Havana's disappointment at the Obama administration, stressing that the human cost of the embargo is *"incalculable."* Upon assuming the presidency Barack Obama pledged to take steps to improve US-Cuban relations, but Rodriguez said the sanctions had actually tightened under Obama. *"Our small island poses no threat to the national security of the superpower,"* Rodriguez said. *"The human damages caused by the economic, commercial and financial blockade imposed by the United States against Cuba are incalculable."* Rodriguez also stated that the sanctions had been classified as *"genocide"* under the Geneva Convention of 1948 and the total cost to the Cuban economy was estimated at \$1.1 trillion dollars. Several other nations spoke out against the US embargo at the UN vote. China's Deputy UN Ambassador Wang Min urged the US *"change its policy toward Cuba" as the "call of the international community is getting louder and louder."* Moreover, Bolivia's UN ambassador Sacha Llorenty Soliz decried the embargo as *"sullyng the history of mankind"*

In the name of human rights?

The US mounted its defense in the face of overwhelming opposition and a barrage of criticism, claiming the sanctions were in place *"urge respect for the civil and human rights."* Seeking to justify the financial penalties that have been held in place for 53 years, US diplomat Ronald Godard said the US was being used as a *"scapegoat"* for Cuba's internal issues. *"The international community cannot in good conscience ignore the ease and frequency with which the Cuban regime silences critics, disrupts peaceful assembly [and], impedes independent journalism,"* Godard said to the assembled UN countries. Moreover, Godard added that the US had sent \$2 billion in remittances to Cuba in 2012 and underlined that the US provides a large portion of the food aid to the island. The US began imposing economic penalties on Cuba when Fidel Castro seized power in 1959 and nationalized property owned by American individuals and corporations. The measures were ratcheted up three years later by the US government to a full embargo on Cuba. Last year Washington took action to ease travel to and from Cuba, granting 16,767 visas to Cubans in the first half of 2013 - 80 percent more than were issued in the same period in 2012.



Industry Notice: New DS-2032 Statement of Registration

Effective **October 25, 2013** a new DS2032, version 4.0, will be published for use. Older versions of the form will not be accepted if submitted after the effective date. The new form may be submitted either electronically (via EFS), by registered mail, or express mail until December 31, 2013; effective January 1, 2014 only electronic submissions will be permitted. Version 4.0 includes several modifications including the ability for U.S. persons to consolidate manufacturer/exporter/broker registrations; updates to ITAR USML Categories; disclosure of intermediate through ultimate parents; a certification regarding debarred or subsequently reinstated parties; a certification on violations involving any U.S. criminal statutes; as well as clarification on foreign ownership.



Update Conference on Export Controls and Policy

Washington, D.C. July 24, 2013 *As Prepared for Delivery*

"Thank you, Eric. Good morning. It's a pleasure – and a little strange – to be here at what I understand is called the 'export control nerd prom.' Strange, because as the U.S. Trade Representative, I generally speak about trade policy, but today I'm here to talk mostly about national security, the competitiveness of our national security industries and how export control reform is enhancing both. "Prior to becoming the U.S. Trade Representative, I served as Assistant to the President and Deputy National Security Advisor for International Economics. And in that capacity, I have had the pleasure of working on the most ambitious reform of our export control system in history.

"As many of you know, it started with a proposal by then Secretary of Defense Gates at a Cabinet retreat in the first year of the Obama Administration. He observed that much had changed since the end of the Cold War, but not our export control system. We were spending enormous resources controlling the export of non-sensitive items to even our closest allies and, in doing so, creating obstacles to interoperability in the field.

"That was undermining the competitiveness of key U.S. industries and making it more difficult to focus on the most critical threats to our national security. Secretary Gates argued then for 'building a taller fence around a smaller yard,' focusing on controlling the most sensitive items and ensuring enforcement against them going to the most sensitive locations.

"President Obama directed us to fundamentally reform our export control system to strengthen our national and economic security and, with the support of Secretary Gates, Secretary Locke, Secretary Clinton and many others, we set out to fulfill President Obama's vision.

"Our goal was to create a single control list, a single enforcement coordination entity, a single IT system linking all of the relevant agencies and ultimately, a single licensing agency. I am here to report that we have made major strides in delivering on that vision and that we are well on our way to completing that task.

"We recognized that implementing that vision would be difficult. It would affect tens of thousands of items, require answers to a bewildering number of complex technical questions, and entail difficult national security and foreign policy judgments.

"It would also require tremendous amounts of interagency coordination, a massive regulatory redrafting effort, extensive consultation with industry stakeholders and close coordination with Congress.

"Many said it couldn't be done, including a number of people in this room. And we would not have gotten this far if it were not for the dedication of a remarkable group of public servants. I want to recognize them here. Dozens of people from more than eight agencies have been involved, but I want to recognize in particular Brian Nilsson at the National Security Staff, Eric Hirschhorn and Kevin Wolf at Commerce, Ellen Tauscher, Rose Gottemoeller, Bob Kovac, and Maureen Tucker at State, and Jim Miller, Jim Hursch, Tony Aldwell, Tim Hoffman, Mike Laychak, and Linda Lourie from Defense, as well as a number of other colleagues across the Executive Branch.

"This team basically reformed the export control system in their spare time – on top of managing the existing licensing system.

"And if that wasn't enough, they've worked to keep the process going notwithstanding sequestration-related budget cuts and furloughs. They deserve a great round of appreciation.

"Let's talk about what's been done.

"At the core of the President's export control reform initiative is a redefinition of the control lists. With your help, we developed a methodology for rebuilding the Munitions List and have deployed it in rebuilding and publishing 15 of the 21 categories.

"Eight of the 15 have been published in final form, with another 5 in final clearance now. That leaves us only 6 more proposed categories to go. This work remains our priority for the remainder of this year.

"But what does that mean in practice? The first 8 categories that have gone final account for about 35 percent of the State Department's licenses but those licenses equate to over 80 percent of the value of exports subject to State control—that is, more than \$75 billion of the more than \$90 billion a year shipped under State Department licenses.

"When you also take into account the proposed rules we have published, more than 95 percent of our licenses and 95 percent of the value of exports is covered.

"We expect to see significant results from our revised rules in three ways:

"First, by better focusing our resources on the most significant items that we control, while allowing less significant items – like the 75 percent of our aircraft and gas turbine engine license applications that are for parts and components – to go to our allies without a license but with additional compliance measures. Not a de-control, but a prioritization of our controls.

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"This will allow us to focus our enforcement resources on the most sensitive cases or, as former Under Secretary of State Ellen Tauscher is known to say, 'if you're looking for a needle in a haystack, the first thing to do is to shrink the haystack.'

"Second, by increasing interoperability with our allies, by making it easier for U.S. companies to support U.S. systems that we sold to our allies. Based on a real example in Afghanistan, we should never again see an ally's F-16 grounded because of the lack of a key part when two other allies there had the part, but could not transfer it from one to the other because of the need for a license back in Washington.

"Third, by strengthening the U.S. industrial base by reducing incentives for foreign manufacturers to avoid or design out U.S. content, particularly parts and components, because of our onerous one-size-fits-all controls.

"Sector after sector will benefit from our more flexible system. Our system will no longer encourage U.S. companies to move their research and development and manufacturing abroad, just to be outside the reach of our controls.

"You all know of cases where our controls drive production out of the U.S., sometimes leading the perverse situation in which our military is required to purchase products from the countries to which the controls were designed to deny exports in the first place.

"Those \$90-plus billion in shipments under export licenses support over 500,000 high-paying jobs in the United States. Making it easier to provide after-market support to our allies who buy U.S. systems bolsters our manufacturers throughout the supply chain, ensuring that they can maintain and expand jobs here in America.

"Their survival is critical to maintaining the industrial base to meet our own defense needs and, therefore, is critical to both our economic security and our national security.

"The prioritization of our controls will not only benefit our allies and regime partners. All our trading partners will benefit from our new export control system that is more timely, predictable, and transparent. Our trading partners across the globe, from Brazil to India, will all benefit from the improvements we are making.

"The control lists and licensing are but half of our export control system. Take enforcement.

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"As part of this reform initiative, we stood up the Export Enforcement Coordination Center – the 'E2C2' – bringing together law enforcement and intelligence capabilities from 8 departments and 15 agencies. When the E2C2 got off the ground, we discovered that 60 percent of new leads were already being worked, meaning that another department or agency either already had an investigation underway or had information to share that would be of help, and that there was significant potential that the uncoordinated actions of one agency might jeopardize the investigation of another.

"The E2C2's de-confliction program, which coordinates new leads, means we are doing a much better job of using our resources and are building better cases.

"When we started this process, no two licensing agencies were on the same IT system. They didn't know, let alone coordinate, their licensing decisions. By migrating all of the licensing agencies to a single licensing database, we are enhancing our ability to provide more timely decisions and, importantly, more informed ones. The State Department went "live" on the Defense Department's USXPORTS system earlier this month and Commerce is moving that direction with the goal of the end of the year, contingent on sequestration-related delays.

Still, there is much work left to be done.

"For example, while the revision of the U.S. Munitions List is our current focus, ultimately, we'll need to do the same sort of top-to-bottom scrub of the dual-use items currently on the Commerce Control List. That will involve a full review of the Export Administration Regulations and require one or more multilateral regimes to agree to the changes before they can be implemented in U.S. law. And this will require substantial additional time and resources.

"But as much work as we have ahead, I think it's fair to say we have made major progress and are well on our way toward achieving the ultimate objective of an export control system that meets the needs of the 21st Century.

"We are committed to doing this work in an intensely transparent way. We have published every regulation in proposed form, aggressively sought comments from the public and taken those comments seriously. We have conducted hundreds of congressional briefings, public meetings, and training sessions, organized weekly conference calls to give status reports, and created on-line tools to help you work through the new regulations.

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“We are also working on a bi-partisan or non-partisan basis. Our plan has the support of liberal and conservative groups and Democratic and Republican members of Congress. We are grateful to congressional members and staff who have facilitated the transfer of items from the U.S. Munitions List to the Commerce Control List and who have worked closely with us to enact the legislation that restored the President’s discretion to update the controls on the export of satellites and related items.

“Let me assure you that the President and his team are fully committed to ensuring that this reform initiative is successfully completed.

“In the near term, the Administration will see to it that the existing system is changed so that it increases interoperability with our close allies, reduces the incentives to design out or avoid U.S.-origin content, and allows us to focus our resources on transactions, end uses, and end users of the greatest concern.

“Controlling the export of less sensitive items to NATO and other multi-regime member countries differently than the items of most concern to the rest of the world makes sense for our national security and makes sense for our economic security. In fact, it just makes common sense.

“While I have the attention of a room full of exporters, let me say a word about trade policy. As President Obama has stated, our goal is to promote growth, create jobs here at home, and strengthen our middle class. To do so, USTR is working to open markets around the world so that we can expand our exports; to level the playing field so that our people can compete and win in the global economy; and to ensure that the rights and trade rules we have fought so hard for are fully implemented and enforced.

“From the Trans-Pacific Partnership, or TPP, to the Transatlantic Trade and Investment Partnership, or T-TIP, President Obama has laid out one of the most ambitious trade agendas in history.

“If we are successful in completing those agreements, we will open up free trade with 65 percent of the global economy, but we are also working to re-energize the WTO, to negotiate a high-standard Trade in Services Agreement, to strengthen the monitoring and enforcement of existing agreements and to use trade, not just aid, as a major driver of economic development around the world.

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“It’s a lot. But we at USTR are committed to getting it right: to negotiate vigorously, to enforce vigorously, to reflect both American interests and American values, so that we ultimately give our workers, farmers and ranchers; our manufacturers and service providers; our innovators, creators, investors and businesses of all sizes the best chance to compete around the world.

“Thank you again for allowing me to join you today. I look forward to working with all of you to bring this reform initiative to a successful conclusion and to position the United States on even stronger footing to assure its economic and national security.”

FAA to Allow Airlines to Expand Use of Personal Electronic For Immediate Release

WASHINGTON— The U.S. Department of Transportation’s Federal Aviation Administration (FAA) Administrator Michael Huerta today announced that the FAA has determined that airlines can safely expand passenger use of Portable Electronic Devices (PEDs) during all phases of flight, and is immediately providing the airlines with implementation guidance.

Due to differences among fleets and operations, the implementation will vary among airlines, but the agency expects many carriers will prove to the FAA that their planes allow passengers to safely use their devices in airplane mode, gate-to-gate, by the end of the year.

The FAA based its decision on input from a group of experts that included representatives from the airlines, aviation manufacturers, passengers, pilots, flight attendants, and the mobile technology industry.

Passengers will eventually be able to read e-books, play games, and watch videos on their devices during all phases of flight, with very limited exceptions. Electronic items, books and magazines, must be held or put in the seat back pocket during the actual takeoff and landing roll. Cell phones should be in airplane mode or with cellular service disabled – i.e., no signal bars displayed—and cannot be used for voice communications based on FCC regulations that prohibit any airborne calls using cell phones. If your air carrier provides Wi-Fi service during flight, you may use those services. You can also continue to use short-range Bluetooth accessories, like wireless keyboards.

We believe today’s decision honors both our commitment to safety and consumer’s increasing desire to use their electronic devices during all phases of their flights,” said Transportation Secretary Anthony Foxx.”

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“These guidelines reflect input from passengers, pilots, manufacturers, and flight attendants, and I look forward to seeing airlines implement these much anticipated guidelines in the near future.”

“I commend the dedication and excellent work of all the experts who spent the past year working together to give us a solid report so we can now move forward with a safety-based decision on when passengers can use PEDs on airplanes,” said FAA Administrator Michael Huerta.

The PED Aviation Rulemaking Committee (ARC) concluded most commercial airplanes can tolerate radio interference signals from PEDs. In a **recent report**, they recommended that the FAA provide airlines with new procedures to assess if their airplanes can tolerate radio interference from PEDs. Once an airline verifies the tolerance of its fleet, it can allow passengers to use handheld, lightweight electronic devices – such as tablets, e-readers, and smartphones—at all altitudes. In rare instances of low-visibility, the crew will instruct passengers to turn off their devices during landing. The group also recommended that heavier devices should be safely stowed under seats or in overhead bins during takeoff and landing.

The FAA is streamlining the approval of expanded PED use by giving airlines updated, clear **guidance**. This FAA tool will help airlines assess the risks of potential PED-induced avionics problems for their airplanes and specific operations. Airlines will evaluate avionics as well as changes to stowage rules and passenger announcements. Each airline will also need to revise manuals, checklists for crewmember training materials, carry-on baggage programs and passenger briefings before expanding use of PEDs. Each airline will determine how and when they will allow passengers broader use of PEDs.

The FAA did not consider changing the regulations regarding the use of cell phones for voice communications during flight because the issue is under the jurisdiction of the Federal Communications Commission (FCC). The ARC did recommend that the FAA consult with the Federal Communications Commission (FCC) to review its current rules. Cell phones differ from most PEDs in that they are designed to send out signals strong enough to be received at great distances. *(*Continues Next Column)*

Top Things Passengers Should Know about Expanded Use of PEDs on Airplanes:

1. Make safety your first priority.
2. Changes to PED policies will not happen immediately and will vary by airline. Check with your airline to see if and when you can use your PED.
3. Current PED policies remain in effect until an airline completes a safety assessment, gets FAA approval, and changes its PED policy.
4. Cell phones may not be used for voice communications.
5. Devices must be used in airplane mode or with the cellular connection disabled. You may use the WiFi connection on your device if the plane has an installed WiFi system and the airline allows its use. You can also continue to use short-range Bluetooth accessories, like wireless keyboards.
6. Properly stow heavier devices under seats or in the overhead bins during takeoff and landing. These items could impede evacuation of an aircraft or may injure you or someone else in the event of turbulence or an accident.
7. During the safety briefing, put down electronic devices, books and newspapers and listen to the crewmember's instructions.
8. It only takes a few minutes to secure items according to the crew's instructions during takeoff and landing.
9. In some instances of low visibility – about one percent of flights – some landing systems may not be proved PED tolerant, so you may be asked to turn off your device.
10. Always follow crew instructions and immediately turn off your device if asked.

Current FAA regulations require an aircraft operator to determine that radio frequency interference from PEDs is not a flight safety risk before the operator authorizes them for use during certain phases of flight. Even PEDs that do not intentionally transmit signals can emit unintentional radio energy.

“Success is not final, failure is not fatal; it is the courage to continue that counts.”

-Winston Churchill

