



# *EIB World Trade Headlines*

Evolutions In Business • [www.eib.com](http://www.eib.com) • (978) 256-0438  
Fax: (978) 250-4529 • P.O. Box 4008, Chelmsford, MA 01824

October 1, 2016 - Volume 8, Issue 18

## Wassenaar Arrangement 2015 Plenary Agreements Implementation, Removal of Foreign National Review Requirements, and Information Security Updates

**81 FR  
6465709/20/16**

This final rule amends the Commerce Control List of the Export Administration Regulations by implementing the changes agreed to by the Wassenaar Arrangement (WA) at the 2015 Plenary by revising 58 Export Control Classification Numbers (ECCNs) and adding two ECCNs, as well as adding a General “Information Security” Note, revising WA reporting requirements, adding four (4) definitions, removing three (3) definitions, and revising twelve (12) definitions in the EAR. This rule also adds license exception eligibility for two (2) ECCNs and removes license exception eligibility for four (4) ECCNs. This rule also raises the Adjusted Peak Performance (APP) for high performance computers, as well as technology and software for the development and production of such computers. In addition, this rule updates license requirements and policies associated with Category 5 – Part 2. Lastly, this rule removes the Foreign National Review requirement associated with deemed exports under License Exceptions APP and CIV.

### NEWSLETTER NOTES

**\*Wassenaar Arrangement  
2015 Plenary Agreements  
Implementation, Removal  
of Foreign National Review  
Requirements, and  
Information Security  
Updates**

**\*Aerospace Park In the  
Works**

**\*Revisions to the Entity  
List**

**\* Changes in Encryption  
Controls for These Chinese  
Entities**

**\*‘Maine’s Labor Shortage’  
Report Says Workforce  
Needs Immigrants**

**\*KEY CHANGES TO  
ENCRYPTION REGS**

## Aerospace Park In the Works

Posted: Tuesday, September 20, 2016 4:45 am  
**TAMMY CHILDRESS BRISTOL HERALD COURIER**

BLOUNTVILLE, Tenn. – Area leaders are considering development of a 160-acre aerospace park adjacent to Tri-Cities Regional Airport.

The idea, currently in the concept stage, could provide unique development opportunities, according to Clay Walker, the CEO of Networks Sullivan Partnership, the joint economic development organization for Sullivan County, Tenn., and its communities of Bluff City, Bristol, and Kingsport.

As envisioned, the proposed park would host aerospace component manufacturing firms and work in conjunction with Bell Helicopter in Piney Flats while utilizing the airport access. It would be jointly funded by Tri-Cities area city and county governments.

“The airport is the greatest regional achievement that we have,” Walker said. “Sometimes it’s difficult for the cities and counties to work together if they are competing for business - but this is going to be the only aerospace park of this size with access to an 8,000 foot runway. That can’t be duplicated in Northeast Tennessee so it’s an ideal project for the cities and counties to work together on.”

Airport Executive Director Patrick Wilson has met with committees from Washington County Tennessee Commission, Bristol Tenn., Sullivan County Commission and Johnson City’s City Commission, to promote the project and Kingsport, and Bristol Virginia are next on the list. Wilson said even though Bristol, Va. is having some financial challenges it is his intent to give city leaders an opportunity to be a part of the project. “In exploring the concept of the park, city and county mayors have been very favorable in trying to take the plan to the next level,” Wilson said. “We’ll dive deeper into the details once it’s clear if we’re going to move forward. But so far all the managers and mayors are very positive about the project.” Walker said that’s because there are a number of factors that prove the addition of the park would be a huge economic driver.

“We have 10 times the employment in aircraft manufacturing than the average U.S. county,” Walker said. “Tri-Cities Regional Airport is located right in the middle of an aerospace cluster, we have two interstates that intersect, a foreign trade zone and we’re a U.S. Custom port of entry, so this would make a great regional project. Aerospace manufacturing also has a very high multiplier effect and pays among the highest wages. It’s the most sought-after sector in the United States, so though we don’t have solid numbers, the economic impact of this project can be tremendous.”

*(\*Continued On The Following Column)*

About 21 of the 160 acres of the site have already been certified by the Tennessee Department of Economic and Community Development as a Tennessee select site. It is one of 22 in the state, according to Wilson.

“We’re the only airport in the state that has that certification,” Wilson said. “The airport has been identified as an asset because we have the land, road access, taxiways and utilities in the site -- we just need a little more site. That’s why it’s vital to have the cities and counties at the airport table discussing the possibilities of coming together for the project.”

The development of the aviation program at Northeast State Community College should make the proposed park attractive to businesses, according to Wilson.

“When prospects see that we have a site, an airport and a labor force, they see that we’re very serious about aerospace in Northeast Tennessee,” Wilson said.

The next step involves money.

“We’d have to figure out what the options are to go to the bond market as a joint project,” Wilson said. “In late fall we would have more details on the exact cost of the project, the grading could cost about \$15 million plus. The cities and counties would also have to come up with a plan to divvy up how much each entity would be responsible for. So by late fall coming into 2017 the information would be ready in case the all the players involved decided to move forward with the development.”



## Revisions to the Entity List

**81 FR 64694**  
**09/20/16**

This final rule amends the Export Administration Regulations (EAR) by revising the license requirement to apply to all items subject to the EAR for twelve Chinese entities on the Entity List. These revisions are made in order to address national security concerns resulting from the removal of certain subparagraphs of Export Control Classification Numbers (ECCNs) 5A992, 5D992 and 5E992 that occurs in the 2015 Wassenaar Implementation rule. This rule also brings the general Entity List license requirements, policies and procedures under a single section of the EAR to assist the public to better locate and comply with these regulations.

### Changes in Encryption Controls for These Chinese Entities

#### Country-

China, People's Republic of:

---

#### Entity-

33 Institute, a.k.a., the following three aliases:  
—Beijing Automation Control Equipment Institute (BACEI);  
—Beijing Institute of Automatic Control Equipment, China Haiying Electromechanical Technology Academy; *and*  
—No. 33 Research Institute of the Third Academy of China Aerospace Science and Industry Corp (CASIC):  
Yungang, Fengtai District, Beijing

#### License Requirement-

For all items subject to the EAR.

#### License Review Policy-

See § 744.3(d) of this part

#### Federal Register Citation-

66 FR 24266, 5/14/01. 75 FR 78883, 12/17/10. 77 FR 58006, 9/19/12. 81 FR [INSERT FR PAGE NUMBER 9/20/16.

---

#### Entity-

35 Institute, a.k.a., the following four aliases: —Beijing Hangxing Machine Building Corporation; —Beijing Huahang Radio Measurements Research Institute, China Haiying Electronic Mechanical Technical Research Academy;  
—Huahang Institute of Radio Measurement; *and*  
—No. 35 Research Institute of the Third Academy of China Aerospace Science and Industry Corp (CASIC):

*(\*Continued On The Following Column)*

#### License Requirement-

For all items subject to the EAR.

#### License Review Policy-

See § 744.3(d) of this part

#### Federal Register Citation-

66 FR 24266, 5/14/01. 75 FR 78883, 12/17/10. 77 FR 58006, 9/19/12. 81 FR [INSERT FR PAGE NUMBER 9/20/16.

---

#### Entity-

54th Research Institute of China, a.k.a., the following three aliases:

- China Electronics Technology Group Corp. (CETC) 54th Research Institute;
- Communication, Telemetry and Tele- control Research Institute (CTI); *and*
- Shijiazhuang Communication Observation and Control Technology Institute.

#### License Requirement-

For all items subject to the EAR.

#### License Review Policy-

See § 744.3(d) of this part

#### Federal Register Citation-

66 FR 24266, 5/14/01. 75 FR 78883, 12/17/10. 77 FR 58006, 9/19/12. 81 FR [INSERT FR PAGE NUMBER 9/20/16.

---

#### Entity-

Baotou Guanghua Chemical Industrial Corporation (Parent Organization: China National Nuclear Group Corporation (CNNC)), a.k.a., the following five aliases:

- 202 Plant, Baotou Nuclear Energy Facility;
- Baotou Guanghua Chemical Industrial Corporation;
- Baotou Guanghua Chemical Industry Company;
- Baotou Nuclear Fuel Element Plant;

*and*

- China Nuclear Baotou Guanghua Chemical Industry Company.

202 Factory Baotou, Inner Mongolia.



#### License Requirement-

For all items subject to the EAR

#### License Review Policy-

See § 744.2(d) of this part

#### Federal Register Citation-

66 FR 24266, 5/14/01 75 FR 78883, 12/17/10. 81 FR [INSERT FR PAGE NUMBER 9/20/16.

*(\*Continued On The Following Page)*

**Entity-**

Beijing Aerospace Automatic Control Institute (BICD), a.k.a., the following four aliases:

—12th Research Institute China Academy of Launch Vehicle Technology (CALT);  
 —Beijing Institute of Space Automatic Control;  
 —Beijing Spaceflight Autocontrol Research Institute; *and*  
 —China Aerospace Science and Technology Corp First Academy 12th Research Institute.  
 51 Yong Ding Road, Beijing; *and* No. 50 Yongding Road, Haidian District, Beijing, China, 100854.

**License Requirement-**

For all items subject to the EAR.

**License Review Policy-**

See § 744.3 of this part

**Federal Register Citation-**

64 FR 28909, 5/28/99. 75 FR 78883, 12/17/10. 77 FR 58006, 9/19/12. 81 FR [INSERT FR PAGE NUMBER 9/20/16.

**Entity-**

Beijing Institute of Structure and Environmental Engineering (BISE), a.k.a., the following two aliases:  
 —702nd Research Institute, China Academy of Launch Vehicle Technology (CALT); *and*  
 —Beijing Institute of Strength and Environmental Engineering No. 30 Wanyuan Road, Beijing.

**License Requirement-**

For all the items subject to the EAR.

**License Review Policy-**

See § 744.3 of this part

**Federal Register Citation-**

64 FR 28909, 5/28/99. 75 FR 78877, 12/17/10. 81 FR [INSERT FR PAGE NUMBER 9/20/16.

**Entity-**

China Aerodynamics Research and Development Center (CARDIC).  
 Sichuan Province.

**License Requirement-**

For all items subject to the EAR.

**License Review Policy-**

See § 744.3 of this part

(\*Continued On The Following Column)

**Federal Register Citation-**

64 FR 28910, 5/28/99. 81 FR [INSERT FR PAGE NUMBER 9/20/16.

**Entity-**

Northwestern Polytechnical University, a.k.a., the following three aliases:

—Northwestern Polytechnic University; —Northwest Polytechnic University;  
*and*  
 —Northwest Polytechnical University. 127 Yonyi Xilu, Xi'an 71002 Shaanxi, China; *and* Youyi Xi Lu, Xi'an, Shaanxi, China; *and* No. 1 Bianjia Cun, Xi'an; *and* West Friendship Rd. 59, Xi'an; *and* 3 10 W Apt 3, Xi'an.

**License Requirement-**

For all items subject to the EAR.

**License Review Policy-**

See § 744.3(d) of this part

**Federal Register Citation-**

66 FR 24266, 5/14/01. 75 FR 78883, 12/17/10. 77 FR 58006, 9/19/12. 881 FR [INSERT FR PAGE NUMBER 9/20/16.

**Entity-**

Shanghai Academy of Spaceflight Technology (SAST), a.k.a., the following four aliases:  
 —8th Research Academy of China Aerospace;  
 —Shanghai Astronautics Industry Bureau;  
 —Shanghai Bureau of Astronautics (SHBOA); *and*  
 —Shanghai Bureau of Space. Shanghai, Spaceflight Tower, 222 Cao Xi Road, Shanghai, 200233:

**License Requirement-**

For all items subject to the EAR.

**License Review Policy-**

See § 744.3 of this part

**Federal Register Citation-**

64 FR 28909, 5/28/99. 75 FR 78877, 12/17/10. 81 FR [INSERT FR PAGE NUMBER 9/20/16.

**Entity-**

Shanghai Institute of Space Power Sources, a.k.a., the following three aliases: —811th Research Institute, 8th Academy, China Aerospace Science and Technology Corp. (CASC); —Shanghai Space Energy Research Institute; *and* —Shanghai Space Power Supply Research Institute. 388 Cang Wu Road, Shanghai; *and* Dongchuan Rd., 2965 Shanghai.

(\*Continued On The Following Page)

**License Requirement-**

For all items subject to the EAR.

**License Review Policy-**

See § 744.3 of this part

**Federal Register Citation-**

64 FR 28909, 5/28/99. 75 FR 78883, 12/17/10. 77 FR 58006, 9/19/12. 81 FR [INSERT FR PAGE NUMBER 9/20/16.

**Entity-**

Southwest Research Institute of Electronics Technology, a.k.a., the following three aliases:  
—10th Research Institute of China Electronic Technology Group Corp (CETC);  
—CETC 10th Research Institute; *and* —Southwest Institute of Electronic Technology (SWIET); No. 6 Yong Xin Street, Chengdu; *and* No. 90 Babao Street, Chengdu; *and* 48 Chadianzi Street East, Jinniu District, Chengdu, 610036.

**License Requirement-**

For all items subject to the EAR.

**License Review Policy-**

See § 744.3(d) of this part

**Federal Register Citation-**

66 FR 24267, 5/14/01. 75 FR 78883, 12/17/10. 77 FR 58006, 9/19/12. 81 FR [INSERT FR PAGE NUMBER 9/20/16.

**Entity-**

Xi'an Research Institute of Navigation Technology, a.k.a., the following two aliases:  
—20th Research Institute of China Electronic Technology Group Corp (CETC); *and*  
—CETC 20th Research Institute 1 Baisha Rd., Xi'an, Shaanxi.

**License Requirement-**

For all items subject to the EAR.

**License Review Policy-**

See § 744.3(d) of this part

**Federal Register Citation-**

66 FR 24267, 5/14/01. 75 FR 78883, 12/17/10. 77 FR 58006, 9/19/12. 81 FR [INSERT FR PAGE NUMBER 9/20/16.

[http://www.bis.doc.gov/index.php/forms-documents/doc\\_download/1559-81-fr-64694](http://www.bis.doc.gov/index.php/forms-documents/doc_download/1559-81-fr-64694)

## 'Maine's Labor Shortage' Report Says Workforce Needs Immigrants

SEP 22, 2016 4:38 PM EDT

**BRANDON DOYEN**

"We hear a lot about the importance of retaining more of our young people in Maine, and certainly that's an important point that we need to keep in mind. But the reality is that with our aging population and predominantly white population, we simply don't have the ability to significantly grow our population by ourselves," said Dana Connors, president of the Maine State Chamber of Commerce.



According to the 'Maine's Labor Shortage' report, even if all of the young people living in the state stayed here, we simply don't have the numbers to replace the retiring baby boomers.

At a press conference held at Kennebec Technologies in Augusta, the Maine Development Foundation and the Maine State Chamber of Commerce said that the state needs to welcome new Mainers and immigrants in order to counter our shrinking workforce.

"It is estimated that new immigrants and their children will account for 83% of the growth in the U.S. workforce from 2000 to 2050," said Connors.

Maine ranks as one of the least racially diverse states in the country, and these two business organizations believe that our workforce challenges go hand-in-hand with our demographics.

"The issue of immigration and diversity is one that is fraught with perceptions, beliefs, and stereotypes. And what we're here with is hard facts. The fact that in this state over the next fifteen years, we are going to fall from about three working age people to each retiree to about two working age people to each retiree," said Yellow Light Breen, CEO of the Maine Development Foundation.

With Maine's manufacturing industry losing significant numbers of its aging employees, they say there are plenty of jobs available but not enough young people to fill them.

"This report is not a commentary on federal immigration policy and it's not a commentary on social assistance policy. What it is is a statement that we need to work hard together across the for-profit sector and all the supporting entities in the state to enable Maine to attract its fair share of immigrants and then some," said Breen.

## KEY CHANGES TO ENCRYPTION REGS

### Information Security Updates

September 20, 2016

The recently published Rule (Wassenaar Arrangement 2015 Plenary Agreements Implementation, Removal of Foreign National Review Requirements, and Information Security Updates) has made changes to the EAR including to Category 5 Part 2 (C5P2). The following is a list of updates made to C5P2 and the License Exceptions that apply to C5P2.

BIS will also be updating the Encryption web site soon to reflect the changes.

For questions call the Information Technology Controls Division at (202) 482-0707.

#### ECCN Changes to Category 5 Part 2

- **Separates C5P2 into 3 subsections:**
  - o Cryptographic information security
  - o Non-cryptographic information security – 5A003
  - o Defeating, Weakening, or bypassing information security – 5A004
- **Deletes ECCNs 5A992/5D992 a&b, as well as 5E992.a**
- Keeps mass market ECCNs 5A992/5D992.c and 5E992.b
- Decontrol notes (Note to 5A002.a) moved around to remove previously unused paragraphs
- Removes previous Note 1 to C5P2 – moved to a General Information Security Note (Supp. No. 2 to Part 774), removed all the pointers in the EAR to C5P2.
- Adds a sentence to the Note to Note 3 saying that simple price inquiry is not a consultation
- Deletes 5A002 a.7 control on products above EAL-6.

#### License Exception Changes

- License Exception TSU - Publicly available source code is no longer subject to the EAR once the email notification is sent. The Notification requirement that was previously under TSU §740.13(e), is moved to §742.15(b).

*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](mailto:DtradeHelpDesk@state.gov) (06.28.16)*

- License Exception TMP – 5E002 encryption technology now eligible for tools of the trade provisions under 740.9.
- §742.15 – Encryption Mass market provisions are moved from §742.15 to §740.17.
- License Exception ENC – §740.17
  - o Paragraph (a)(1) - Adds an exception for certain related parties transactions for companies headquartered in a Supp. 3 country
  - o §740.17(b)(4) – Deletes paragraph on short-range wireless items, paragraph on foreign made products is moved to paragraph (a).
  - o **Encryption Registrations no longer required – some of the information from the registration now goes into the Supp. No. 8 to Part 742 report.**
  - o If an exporter submits a CCATS review for an item under §740.17(b)(1), it does **NOT** have to go on the self-classification report.
  - o **§740.17(b)(2) – updates performance parameters**
  - § Edited headers to make it clear that there should only be one parameter that applies to a product.
  - § Aggregate encrypted throughput increased from 90 Mbps to 250 Mbps
  - § Delete single channel input data rate
  - § Delete 250 concurrent encrypted data channels
  - § Media parameter raised from 1,000 endpoints to 2,500
  - § Carve out for mass market satellite modems that use end-to-end encryption between the modem and the hub.
  - § 5A002.d (channelizing codes) and 5A002.e (spread spectrum) moved to §740.17(b)(2)
  - § **New authorization for network infrastructure items to less-sensitive government end-users.**
    - o Deleted grandfathering provisions
    - o Croatia added to Supp. No. 3 to Part 740
    - o Supp. No. 6 to Part 742 questions are revised
    - o Definition of government end-user states that government-owned public schools and universities are "government end-users" as defined in Section 772.
    - o **Adds definition of "More sensitive government end-users" and "Less-sensitive government end-users."**

**NOTE: In accordance with Title 17 U.S.C. Section 107, this material is distributed without profit or payment for non-profit news reporting and educational purposes only.**

**Reproduction for private use or gain is subject to original copyright restrictions.**

“What You DO Today Can  
Change All Of Your  
Tomorrows.”