



# EIB World Trade Headlines

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## Dual Use Items Further Refined and Defined

**Wassenaar Arrangement 2010 Plenary Agreements  
Implementation: Commerce Control List, Definitions, and  
Reports**  
**AGENCY: Bureau of Industry and Security, Commerce.**  
**ACTION: Final rule.**

### Background

In July 1996, the United States and thirty-three other countries gave final approval to the establishment of a new multilateral export control arrangement called the Wassenaar Arrangement on Export Controls for Conventional Arms and Dual-Use Goods and Technologies (Wassenaar Arrangement or WA). The Wassenaar Arrangement contributes to regional and international security and stability by promoting transparency and greater responsibility in transfers of conventional arms and dual use goods and technologies, thus preventing destabilizing accumulations of such items. Participating states committed to exchange information on exports of dual use goods and technologies to nonparticipating states for the purposes of enhancing transparency and assisting in developing a common understanding of the risks associated with the transfers of these items. For more information on the Wassenaar Arrangement go to <http://www.wassenaar.org/>.

### Revisions to the Commerce Control List

This rule revises the following 53 ECCNs on the Commerce Control List (CCL) to implement the changes to the Wassenaar List of Dual-Use Goods and Technologies agreed to at the December 2010 WA Plenary meeting:

1A002, 1A004, 1B001, 1C003, 1C006, 1C008, 1C010, 1C011, 1C111, 2A001, 2B001, 2B005, 2B006, 3A001, 3A002, 3A991, 3B001, 3C001, 3E001, 4A001, 5A001, 5D001, 5E001, 5A002, 5D002, 5E002, 6A001, 6A002, 6A003, 6A005, 6A006, 6A008, 6D001, 6D003, 6E001, 6E002, 6E003, 7A001, 7A002, 7A003, 7E004, 8A001, 8A002, 9A001, 9A003, 9A991, 9B001, 9B002, 9B008, 9D003, 9D004, 9E001 and 9E003.

see [http://www.bis.doc.gov/news/2011/fr\\_05202011.pdf](http://www.bis.doc.gov/news/2011/fr_05202011.pdf)

## NEWSLETTER NOTES

\*Dual Use Items Further Refined and Defined

\*Court Rules Against Dell

\*OTEXA Announces Free Webinar

\*USTR Issues Notice

\*ITA Issues FR Notice

\*FTZ Board Announces Quicker Implementation...

\*Justice Announce Sentencing of Company

\*CBP Announces Agreement With China

\*Treasury Publishes Current List

\*U.S. Trade/Development Agency Posts List

\*-NEWS FLASH-

\*House Committee Posts Hearing Comments on USXPORTS Single Licensing System

## FDA Issues Interim Final Rule on Stronger Administrative Detentions

The Food and Drug Administration (FDA) issued an interim final rule that will amend its regulations to lower the threshold for ordering administrative detention of food for human or animal consumption, as required by the Food Safety Modernization Act (FSMA / Public Law 111-353). FDA notes that with the new criteria, the number of administrative detentions for food is likely to increase. FDA invites public comment on this interim final rule by 08/03/11. Under the new criteria, effective 07/03/11, FDA can order administrative detention if there is reason to believe that an article of food is adulterated or misbranded. Decisions regarding whether FDA has a "reason to believe" a food is adulterated or misbranded would be made on a case-by-case basis because such decisions are fact specific. Currently, FDA has the authority to order the administrative detention of an article of food if a FDA officer or qualified employee finds there is credible evidence or information indicating that the article of food presents a threat of serious adverse health consequences or death to humans or animals. The new criteria will provide FDA enhanced authority to detain articles of food that may be adulterated or misbranded.

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FDA contact- William Correll, Jr. (301) 436-1611

FR notice:

<http://www.gpo.gov/fdsys/pkg/FR-2011-05-05/pdf/2011-10953.pdf>

FDA press release:

<http://www.fda.gov/NewsEvents/Newsroom/PressAnnouncements/ucm253983.htm>

## Believe in Yourself

People become really quite remarkable when they start thinking that they can do things. When they believe in themselves they have the first secret of success. Norman Vincent Peale



## Court Rules Against Dell on Extra Batteries for Laptops as Part of Set

The U.S. Court of Appeals for the Federal Circuit (CAFC) has affirmed the Court of International Trade's (CIT's) decision in *Dell Products LP, v. U.S.*, that for tariff purposes, goods put up in sets for retail sale refers to goods that are offered to customers as a set for purchase rather than to a collection of goods that are assembled into a set after the customer has purchased them, in which case, the goods would be classified separately. As reported, Dell offered laptop computers for sale with a primary battery, a power cord and adapter, and operational manuals. Dell offered retail customers the option to purchase other accessories including a secondary battery as an additional power source that enabled longer unplugged operation of the laptop computer than would be possible with the primary battery. In this case, the secondary batteries were packaged together with laptop computers in a Foreign Trade Zone (FTZ). On withdrawing the merchandise from the FTZ, Dell made entry classifying the secondary batteries with the Dell laptop computer as duty-free portable digital automatic data processing machines under HTS 8471.30.00. U.S. Customs and Border Protection (CBP) disagreed and classified the secondary batteries as other storage batteries under HTS 8507.80.80 at a 3.4% duty rate, determining that the secondary batteries were not "put up in sets for retail sale" with the laptop computers under General Rule of Interpretation 3(b) (GRI 3(b)) of the Harmonized Tariff Schedule (HTS) and that the secondary batteries therefore should be classified separately from the laptop computers. Dell appealed to the CIT, contending that its secondary batteries qualify as part of a "retail set" because they were included in the shipping box that was sent from the FTZ to the customer. Dell argues that goods packaged together for shipment should be treated in the same way as goods packaged together for sale, as long as those goods are packaged together upon entry into the U.S. (or upon departure from the FTZ). The CIT interpreted GRI 3(b) to require distinct articles to be "offered together for retail sale or displayed or shown together for retail sale" before they could be classified together for tariff purposes. CIT found the batteries in this case are not offered or displayed together for retail sale with the computer, but are offered individually.

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The CIT concluded that the batteries are simply one of many optional, complementary items that may be purchased at the same time as a laptop and therefore are not "put up together" with other components of the retail set. The CAFC reports it agrees with the CIT that the phrase "goods put up in sets for retail sale" in GRI 3(b) refers to goods that are offered to customers as a set for purchase, not to a collection of goods that are assembled after purchase. Therefore, the CAFC upholds the CIT's judgment to separately classify Dell's secondary batteries as "other storage batteries."

CAFC notice (Appeal Number 2010-1451, 04/29/11):

<http://www.caafc.uscourts.gov/images/stories/opinions-orders/10-1451.pdf>

## OTEXA Announces Free Webinar on Haiti Apparel Benefits under HOPE, HOPEII, and HELP

The Office of Textiles and Apparel (OTEXA) announce a free webinar on trade preferences for apparel wholly manufactured or knit-to-shape in Haiti. The webinar, scheduled for 05/25/11, will feature background on the Haitian Hemispheric Opportunity through Partnership Encouragement Act of 2006 (HOPE), the Food Conservation and Energy Act of 2008 (HOPE II) and the Haiti Economic Lift Program of 2010 (HELP), as well as a question and answer session for webinar participants. Advance registration is required. Register @

<https://emenuapps.ita.doc.gov/ePublic/newWebinarRegistration.jsp?SmartCode=1Q84>

OTEXA notice:

[http://otexa.ita.doc.gov/Webinars/Haiti\\_webinar\\_announcement\\_May\\_2011.pdf](http://otexa.ita.doc.gov/Webinars/Haiti_webinar_announcement_May_2011.pdf)



## USTR Issues Notice on Expanding IT Agreement to More Countries Products - Seeks Comments

The Office of the U.S. Trade Representative (USTR) announced that the interagency Trade Policy Staff Committee (TPSC) is requesting comments on whether the U.S. should undertake negotiations to expand the Information Technology Agreement (ITA) to provide duty-free treatment for a broader range of products and encourage wider participation in the agreement. Comments are due by noon EST 06/13/11. As reported, the ITA currently includes 73 participating countries that provide duty-free treatment to the following information and communications technology (ICT) products:

- computers and computer equipment;
- semiconductors and integrated circuits;
- computer software products;
- telecommunications equipment;
- semiconductor manufacturing equipment; and
- computer-based analytical instruments.

The TPSC, led by USTR, is seeking public comment as it considers a proposal by industry stakeholders to significantly expand the scope of the ITA in order to provide duty-free treatment for a broader range of products and countries. USTR sources explain that the proposal was a general request to expand the ITA's scope. It did not specify certain products or countries to try to include. The USTR is requesting comments on any new ICT products that the U.S. should seek to include under the ITA. This may include products that existed when the ITA was concluded in 1996 but that were not covered under the agreement as well as products that have been developed since that time. Include a detailed description of the specific product(s) and, whenever appropriate, the six-digit (or 8-digit, where applicable) Harmonized System tariff classification number for the product(s) concerned. In addition, the TPSC is interested in comments on any additional U.S. trading partners that are significant producers or consumers of ICT products that are not currently participants in the ITA that the U.S. should encourage to join the ITA.

*(Continued above)*

USTR points out that any amendments to the ITA resulting from negotiations to expand the agreement will be subject to approval by its current participants.

USTR contacts -Scott Pietan (Industrial Trade Policy) (202) 395-5656

Mary Thornton (Tariff Affairs) (202) 395-5656

USTR notice (FR Pub 05/06/11)

<http://www.gpo.gov/fdsys/pkg/FR-2011-05-06/pdf/2011-11049.pdf>

## EU Proposing Expanded COOL and Nutrition Labeling for Food

The Environment, Public Health and Food Safety Committee of the European Parliament has voted on changes to draft legislation proposed by the European Council to amend European Union food labeling rules in order to require new mandatory elements on nutrition labels and expand country of origin labeling (COOL).

As reported, the Committee Members agreed with the European Council's proposal that key nutritional information, such as energy content, and amounts of fat, saturated fat, carbohydrates, sugars, protein and salt, must be indicated in a legible tabular form on the back of the packaging. However, they added trans fats to the list of mandatory label elements (instead of making it voluntary as the Council had proposed). All of this information would have to be expressed per 100g or per 100ml, and also per portion, and could also be accompanied by guideline daily amounts. To ensure the labels are legible, the Committee listed a wide range of factors to be taken into account by the Commission, which would have to establish binding rules. The Committee explains that the EU already requires country of origin labeling of certain foods, such as beef, honey, olive oil and fresh fruit and vegetables. At Parliament's request, the Council agreed to extend COOL labeling to swine, sheep, goat, and poultry meat. However, Parliament now wishes to go further, by indicating the "place or country of provenance" for all meat and poultry, milk and dairy products and other single-ingredient products. They also voted for a requirement to state the country of provenance for meat, poultry and fish when used as an ingredient in processed food. In addition, the Committee says that COOL meat labels should indicate where the animal was born, reared and slaughtered.

*(Continued below)*

It also states that meat from slaughter without stunning (in accordance with certain religious traditions) should be labeled as such and meat consisting of combined meat parts must be labeled "formed meat." In addition, the committee has decided to exempt alcoholic drinks from the new rules but ask the European Commission to assess the need to include alcohol in future, accompanied if necessary by a legislative proposal. In addition, they approved exemptions for non-pre-packed food intended for immediate consumption and for handcrafted food products by micro-enterprises. EU notice: <http://www.europarl.europa.eu/en/pressroom/content/20110418IPR18101/html/Food-labelling-Environment-Committee-sets-out-clearer-rules>

### ITA Issues FR Notice Seeking Comments on EU Regulations That Impede U.S. Exports

The International Trade Administration (ITA), in support of the National Export Initiative (NEI) and other programs, is seeking comments on areas for cooperation between the U.S. and the European Union to reduce or eliminate divergences in regulatory measures that impede trade in goods in the transatlantic marketplace, in ways that may be unnecessary. ITA is also seeking information on any existing or emerging sectors that may benefit from further transatlantic regulatory cooperation. Comments are due 06/02/11. ITA explains that the main impediments to greater trade and investment with the EU are not tariffs or quotas, but differences in regulatory measures. As an example, trade may be impeded because countries apply different standards or technical requirements to address common environmental, health, safety, or other concerns with respect to certain products or product categories. In some instances, such divergences may be arbitrary and can lead to delays, additional costs, and burdens on U.S. suppliers, particularly small and medium enterprises' (SMEs), and, in some cases, can make it difficult for U.S. suppliers to penetrate foreign markets.

*(Continued above)*

These divergences can also increase regulatory burdens for governments and costs for consumers. ITA invites public comment on the following possible types of cooperative regulatory activities between the U.S. and EU:

- mutual recognition agreements;
- equivalency agreements;
- information sharing agreements;
- rulemaking collaboration;
- aligning specific measures;
- lab accreditation ; and
- MOUs - memoranda of understanding; etc.

ITA is also seeking recommendations for existing or emerging industry or product sectors that may benefit from regulatory cooperation between the U.S. and the EU. ITA is requesting this information from stakeholders to support the NEI goal of doubling U.S. exports in the next five years. ITA has initiated a similar initiative on regulations that impede trade within North America among the U.S., Mexico, and Canada. ITA contact -

[TransatlanticRegulatoryCooperation@trade.gov](mailto:TransatlanticRegulatoryCooperation@trade.gov)

ITA notice (FR Pub 05/03/11)

<http://edocket.access.gpo.gov/2011/pdf/2011-10713.pdf>

### ICC Announces That Mexico Will Join ATA Carnet System on 5/16/2011

The International Chamber of Commerce (ICC) announced that the ATA Carnet System is set to expand on 05/16/11, when Mexico will join this international system. Mexico has long been identified as one of the priority target countries by the network of organizations already affiliated with the ATA guarantee chain. With this addition 71 countries now accept ATA Carnets, which reduce paperwork and costs for businesses traveling with goods. Other recent new members include Bosnia, Herzegovina, and the United Arab Emirates.

ICC notice:

<http://www.iccwbo.org/wcf/index.html?id=42986>

## FTZ Board Announces Quicker Implementation of Major Revision to Regulations

The Foreign-Trade Zones Board (FTZB) recently announced that it is considering several options for implementing more quickly the "major revisions" to the substantive and procedural rules for the authorization of FTZs and the regulation of zone activity that it proposed in late 2010. The FTZB is holding a free webinar 05/11/11 for those interested in learning more about these revisions. Registration is required by 05/09/11.

The FTZB has been evaluating possible procedural options for bringing benefits of key regulatory revisions to program users (especially exporters) as soon as possible. Possible next steps following the Board's consideration of comments received include the publication of an interim final rule or a final rule along with a new proposed rule presenting certain revised provisions for public comment. The provisions of an interim final rule or a final rule would be effective upon publication, which could take place in the second half of 2011. The FTZB notes that the last time its regulations were substantively revised 20 years ago, the process took nearly two years to complete and none of the revisions took effect until the end of that process.

<http://www.strtrade.com/wti/wti.asp?pub=0&story=36929&date=5%2F2%2F2011&company>



## AFL-CIO Issues Letter to Department of Labor Requesting End to Bahrain FTA Due to Labor Violations

The AFL-CIO has submitted a public document to the Department of Labor's Office of Trade and Labor Affairs calling on the U.S. to withdraw from the U.S.-Bahrain Free Trade Agreement (FTA) due to the failure of the government of Bahrain to comply with its labor commitments under the FTA pursuant to Article 21.5.2. According to the AFL-CIO, the Government of Bahrain has violated Article 15.1.1 of the FTA, through its brutal repression of peaceful protest and persecution of trade union activity. To date, several trade union leaders have been arbitrarily detained and investigated, and hundreds of rank and file union members and workers have been fired for participating in strikes and pro-democracy demonstrations. The AFL-CIO requests that the U.S. serve notice of its withdrawal from the FTA with Bahrain. The AFL-CIO notes that in the interim, the U.S. government should immediately enter into consultations with the government of Bahrain under Article 15.6, on labor consultations, and insist that it end its ongoing campaign to punish trade union activity and to cease all forms of discrimination against trade unions and union activists. The document additionally sets forth several examples of where the government Bahrain has failed to "respect, promote, and realize" core workers' rights, as outlined in the International Labor Organization (ILO) Declaration on Fundamental Principles and Rights at Work. AFL-CIO notice:

[http://www.aflcio.org/issues/jobseconomy/globaleconomy/upload/bahrain\\_fta04212011.pdf](http://www.aflcio.org/issues/jobseconomy/globaleconomy/upload/bahrain_fta04212011.pdf)

## ECHA Posts Information on REACH Registrations - REACH Application Issues

The European Union issued the following trade-related releases:

The European Chemicals Agency (ECHA) announced that after screening over 400 dossiers of substances registered as intermediates, it has discovered that the majority of them (86%) do not seem to contain sufficient information to demonstrate that the conditions imposed by REACH are fulfilled.

EU notice (5/11/11)

[http://echa.europa.eu/news/na/201105/na\\_11\\_21\\_intermediates\\_en.asp](http://echa.europa.eu/news/na/201105/na_11_21_intermediates_en.asp)

ECHA also announced that certain information from registration dossiers contained in the Safety Data Sheet, including the names of registrants, will be published on the ECHA website in the future. Companies will be able to keep this information confidential if a valid justification is given and accepted by ECHA.

ECHA notice (5/11/11)

[http://echa.europa.eu/news/pr/201105/pr\\_11\\_09\\_ECHA\\_to\\_publish\\_more\\_info\\_on\\_chemicals\\_en.asp](http://echa.europa.eu/news/pr/201105/pr_11_09_ECHA_to_publish_more_info_on_chemicals_en.asp)

## Justice Announce Sentencing of Company for Illegal Exports - CEO Sentenced to Jail

The Justice Department (DOJ) recently announced that GWC Valve International Inc., of California, and its chief executive officer, David Meador, were sentenced for conspiracy to export services related to industrial valves to Iran. In June 2010, both GWC Valve International and Meador pleaded guilty to conspiring to violate the International Emergency Economic Powers Act (IEEPA) and the Iranian Transactions Regulations. According to court documents, between July 2005 and May 2008, Meador and others conspired to cause the export of financial and technical services related to the sale of the industrial valves to Iran without having first obtained the required licenses and authorization from the Office of Foreign Assets Control (OFAC).

*(Continued above)*

U.S. persons are prohibited from engaging in commercial transactions involving Iran. As part of the conspiracy, GWC and Meador received orders from customers in Iran for industrial valves, totaling more than \$2.16 million, then entered into contracts with these customers and caused the valves to be manufactured on behalf of Iranian customers. The defendants also concealed that Iranian customers were the true recipients of the valves by once falsely asserting that the GWC office in the United Arab Emirates (UAE) was the end user of the goods and on several occasions altering or omitting references to the Iranian banks and end users in correspondence about the sales. GWC Valve International was sentenced to a criminal fine of \$300,000 and five years of corporate probation and to forfeit \$410,833.82. Meador was sentenced to 13 months in prison, followed by three years of supervised release. The government has already received \$110,000 in payments from the defendants. DOJ notice:

<http://www.justice.gov/opa/pr/2011/May/11-nsd-591.html>

## Census Posts April AES Newsletter Including Guidance on Related Parties

The Census Bureau posted to its Web site the April 2011 issue of the Automated Export System (AES) Newsletter. The newsletter contains articles on a new AES enhancement called "Shipment Manager", when to use the AES "Related Parties" indicator, and information on Fatal Error 004 (Filer/Transmitter Not Authorized to Send). Earlier in 2011, Census released "Shipment Manager" as an enhancement to the AESDirect program. According to Census, filers who submit their electronic export information (EEI) through AESDirect have a new option to retrieve their shipment records.

*(Continued below)*

Census' "Shipment Manager" enables AESDirect filers to:

- Search for submitted EEI by the filing date or date of export;
- Filter the search using one or more specified criteria (e.g., shipment reference number, Internal Transaction Number, country of destination, etc.);
- Save frequently used searches;
- Filter EEI by current AES status;
- Manage EEI with just one click; and
- Export to a spreadsheet file.

Shipment Manager is available by logging in to [www.aesdirect.gov](http://www.aesdirect.gov) and selecting Shipment Manager under the main menu.

In response to numerous inquiries, Census is providing guidance on when the "related parties" indicator should be checked in AES. See posting for complete details. Census emphasizes that the key to determining whether companies are related parties is to determine if there is a relationship of ownership between the USPPI and the ultimate consignee. Census notes that the diagrams in its newsletter are meant to provide general guidance on related parties and may not apply to all scenarios. Census recommends that if a company has a business relationship not covered by the examples provided, it should contact Census at 800-549-0595. Census has posted information on Fatal error message 004 (filer/transmitter not authorized to send) which occurs when the filer's account has been deactivated, preventing the filer from transmitting to AES, or when either the Filer ID or the Transmitter ID does not match the file's AES certifies vendor software. Census also discusses several other areas of AES in its April 2011 newsletter, including:

- Broad Overview of Census' Proposed Rule to Modify AES
- Export Consolidated Party Screening Lists
- Census' new expanded trade data series – FT-920 U.S. Merchandise Trade: Selected Highlights
- Availability of State Import Data
- Resources for understanding the Foreign Trade Regulations
- AES contact information

Census Newsletter: <http://www.census.gov/foreign-trade/aes/aesnewsletter042011-en.pdf>

## CBP Announces Agreement With China on AEO Program and Supply Chain Security

U.S. Customs and Border Protection (CBP) and two government ministries of China have reached agreement on collaborative actions to enhance trade security and facilitation between the two countries. An action plan on supply chain security partnership programs was also signed by the two countries. CBP Commissioner Alan Bersin joined Minister of Customs Yu Guangzhou of the General Administration of Customs of the People's Republic of China in signing an action plan on 05/09/11. The plan covers all aspects of the countries' supply chain security partnership programs, including joint validation procedures. The action plan outline details specifics on which the U.S. and Chinese customs administrations will collaborate over the next five years.

Bersin reported that the agreement, covering CBP's Customs-Trade Partnership Against Terrorism (C-TPAT) and China's Authorized Economic Operator (AEO) supply chain security programs, gives them a good path to progress. In addition, CBP's Acting Assistant Commissioner for International Affairs, and China's Deputy Director General of China's Ministry of Public Security signed a memorandum of understanding (MOU) that addressed cooperation on many aspects of law enforcement, including information exchange, cooperation, training and technical assistance. Two critical enforcement areas will be intellectual property rights (IPR) and fraudulent travel documents.

CBP press release:

<http://www.cbp.gov/xp/cgov/newsroom/highlights/china.xml>



## Treasury Publishes Current List of Countries Requiring Cooperation with International Boycotts

The Treasury Department (TD) published its current list of countries that require or may require participation in, or cooperation with, an international boycott. The countries included on this list are:

- Kuwait
- Lebanon
- Libya
- Qatar
- Saudi Arabia
- Syria
- United Arab Emirates
- Republic of Yemen

The Treasury Department notes that Iraq is not included in this list, but its status with respect to future lists remains under review by the Department of Treasury. The Bureau of Industry and Security (BIS) advises that the antiboycott laws were adopted to encourage, and in specified cases, require U.S. firms to refuse to participate in foreign boycotts that the U.S. does not sanction. The laws have the effect of preventing U.S. firms from being used to implement foreign policies of other nations that run counter to U.S. policy.

BIS notes that the Arab League boycott of Israel is the principal foreign economic boycott that U.S. companies must be concerned with today. However, BIS notes that the antiboycott laws apply to all boycotts imposed by foreign countries that are unsanctioned by the U.S. The Export Administration Regulations (EAR) require U.S. persons to report quarterly requests they have received to take certain actions to comply with, further, or support an unsanctioned foreign boycott. Additional information, including a link to the antiboycott regulations, and recent examples of boycott requests is available on BIS' Web site <http://www.bis.doc.gov/>

In addition, BIS posts to its Web site press releases of actions it takes against U.S. companies for certain violations of its antiboycott regulations. TD notice: <http://www.gpo.gov/fdsys/pkg/FR-2011-05-11/pdf/2011-11307.pdf>

## CPSC Posts Annual Report With Section Proving Links To All Mandatory Product Safety Standards

The Consumer Product Safety Commission (CPSC) posted its Annual Report on its 2010 activities, which provides a list of all the mandatory consumer product safety standards in effect in 2010. Mandatory standards are usually developed through rulemaking. If a voluntary standard exists, by law, CPSC may not issue a mandatory standard unless CPSC finds that the voluntary standard will not eliminate or adequately reduce the risk of injury or death, or determines that it is unlikely that there will be substantial compliance with the voluntary standard. CPSC usually develops performance standards, rather than design standards, to give manufacturers the most flexibility. The Consumer Product Safety Improvement Act (CPSIA) of 2008 also required CPSC to make certain voluntary standards mandatory. The annual report provides all the mandatory consumer product safety standards in effect in 2010 and a link to each standard's part in 16 CFR.

CPSC report:

<http://www.cpsc.gov/cpsc/pub/pubs/reports/2010rpt.pdf?tab=news>

## International Organization for Standardization Publishes Guidance Document

The International Organization for Standardization (ISO) published a new edition of ISO in brief, a four-page flyer providing a concise introduction to ISO International Standards and the benefits they provide for business, government and society. The flyer presents the ISO standardization system comprising the national standards institutes of some 160 countries, nearly 3,280 technical groups, and 50,000 experts who participate directly in developing standards. ISO notice: <http://www.iso.org/iso/pressrelease.htm?refid=Ref1425>

## EU Proposes Drastic Revision to GSP - May Eliminate Half of Currently Eligible Countries

The European Commission recently issued a proposal that would drastically revise the European Union's Generalized System of Preferences (GSP) eligibility criteria, which may cause the number of countries receiving its GSP benefits to drop by half, from 176 countries and territories to 80. According to the EC, it is proposing these changes in order to concentrate its benefits on those countries most in need and take into account the emergence of more advanced developing countries. If approved by the European Council and Parliament, the proposal would take effect in 2014. Under the EC's proposal, preferences would be concentrated on fewer countries. The main country categories which would no longer benefit from the GSP scheme include:

- Countries classified by the World Bank as high or upper middle income economies for the past three years, based on Gross National Income (GNI) per capita.
- Countries which enjoy another trade arrangement with the EU which provides substantially equivalent coverage as compared to GSP. This includes countries with a Free Trade Agreement or with autonomous arrangements (such as the Market Access Regulation for countries with an Economic Partnership Agreement (EPA) or the special regime for Balkan countries).
- Overseas Countries and Territories (OCTs), ranging from the Antarctica to American Samoa, which have an alternative market access arrangement for developed markets.

As reported, countries in the first and second category would remain "eligible", but would no longer be "beneficiaries" of the GSP scheme. This means that in case their situation changes (if they are no longer classified as high or middle upper income countries by the World Bank or if their trade arrangement expires) they could become beneficiaries of the scheme again.

*(Continued above)*

The final list of "eligible" and "beneficiary" countries would only be established at the end of EU decision-making, based on data of the last three years. It is therefore not yet certain which countries would lose their preferences under the proposal. The EC reports that if the list were composed based on data available today, the number of beneficiaries would drop from 176 to around 80. Among the 96 countries that would lose their preferences are Kuwait, Saudi Arabia, Russia, Qatar, China, India, and Brazil. In addition the EC reports that the graduation principles would be revised to ensure better targeting and more uniform treatment of products. The product sections used for graduation would be expanded from 21 to 32. This would ensure that graduation is more objective, as the products in the categories are more homogenous. Additional details of the proposed amendments are posted. The proposal will now be debated in the European Council and European Parliament with a view to having a reformed GSP scheme in place on 01/01/14 at the latest.

## United States Trade/Development Agency Posts List of Reverse Trade Missions

The U.S. Trade and Development Agency (USTDA) recently announced a series of "reverse" trade missions to the U.S. and worldwide conferences and workshops which link U.S. businesses with foreign buyers. According to USTDA, these events are designed to showcase U.S. technologies and services that can help partner countries achieve their development goals. Business briefings provide a platform for foreign delegates to present their upcoming procurement needs to U.S. businesses. One-on-one meetings, allow U.S. companies and overseas project sponsors to discuss specific solutions to development challenges. The following USTDA trade missions, conferences, and workshops are scheduled for May - August 2011:

**May 2-13, 2011** - South Africa LNG Regasification and Power Generation Reverse Trade Mission; Houston, TX and Washington, DC

*(Continued below)*

**May 15-26, 2011** - China Emergency Response Reverse Trade Mission; Washington, DC, Los Angeles, CA, and New York, NY

**June 4-15, 2011** - India Efficiency and Clean Energy Exchange Program – Solar Power Development Reverse Trade Mission; Washington, DC; Los Angeles, CA; and San Francisco, CA

**June 5-15, 2011** - Indonesia Geothermal Development Reverse Trade Mission; Sacramento, CA; Reno, NV; Washington, DC

**June 19-28, 2011** - Nigeria Gas Storage and Processing Reverse Trade Mission; Houston, TX

**June 27-28, 2011** - Egypt: Forward – Partnering for Trade and Economic Growth; Washington, DC

**June 29-July 1, 2011** - Egypt: Forward – Site Visits; Houston, TX; Silicon Valley, CA; New York, NY; Omaha, NE

**Aug 1-11, 2011** - Latin America and the Caribbean Regional Earthquake Monitoring Technologies Initiative: Reverse Trade Mission Series - Mexico and Central American Delegation; Washington, DC; Denver/Golden, CO; Los Angeles, CA; and Seattle, WA  
USTDA notice: <http://www.ustda.gov/news/>

**Sept 20-22, 2011 - RETECH (Renewable Energy Technology Conference & Exhibition) 2011 Washington, DC**

**Sept 21-24, 2011** - Natural Products Expo East 2011 - Baltimore, MD

**Sept 26-28, 2011** - PACK EXPO Las Vegas 2011 - Las Vegas, NV

**Oct 22-27, 2011** - High Point Market - Fall 2011 - High Point, NC

**Oct 23-26, 2011** - National Funeral Directors Association Intl Convention and Expo - Chicago, IL

**Oct 25-27, 2011** - IFAI-Industrial Fabrics Association Intl (IFAI Expo Americas 2011) - Baltimore, MD

*(Continued above)*

**Oct 25-27, 2011** - Louisiana Gulf Coast Oil Exposition (LAGCOE) 2011 - Lafayette, LA

**Nov 2-9, 2011** - American Film Market 2011 - Washington, DC

**Nov 25-30, 2011** - Greater New York Dental Meeting - New York, NY

**Dec 6-8, 2011** - POWER-GEN International 2011 - Las Vegas, NV

**Jan 10-13, 2012** - 2012 International CES - Las Vegas, NV

**International Trade Shows May 2011 – March 2012**

**Sept 8-11, 2011** - MACEF - International Home Show 2011 - Milan, Italy

**Sept 12-16, 2011** - Perumin 2011 - Arequipa, Peru

**Sept 13-16, 2011** - DSEi 2011 -- Defence & Security Equipment International - London, UK

**Sept 19-24, 2011** - EMO Hannover - Hannover, Germany

**Sept 20-22, 2011** - MipTec 2011 - Basel, Switzerland

**Oct 4-7, 2011** - Plastimagen Mexico 2011 - Mexico City, Mexico

**Oct 10-12, 2011** - Techtextil India - Mumbai, India

**Oct 12-14, 2011** - Shanghai International Disaster Reduction and Security Exhibition 2011 - Shanghai, China

**Oct 18-21, 2011** - Milipol 2011 - Paris, France

**Oct 18-20, 2011** - eCarTec 2011 - Munich, Germany

**Oct 19-21, 2011** - ICT Andicom Congress 2011 - Bogota, Colombia

**Oct 19-22, 2011** - Made in America 2011 - Beirut, Lebanon

*(Continued below)*

**Oct 28-31, 2011** - China Coal and Mining Expo 2011 - Beijing, China

**Nov 2-5, 2011** - Defense & Security 2011 - Bangkok, Thailand

**Nov 7-10, 2011** - World Travel Market - London, UK

**Nov 8-13, 2011** - EICMA 2011 - Milan, Italy

**Nov 9-11, 2011** - Cosmoprof Asia 2011 - Hong Kong

**Nov 9-11, 2011** - Solarcon India 2011 - Hyderabad, India

**Nov 13-17, 2011** - Dubai Air Show 2011 - Dubai, UAE

**Nov 16-19, 2011** - MEDICA 2011: USDOC Business Center, Showcase Global & Exhibitor Outreach Event - Dusseldorf, Germany

**Nov 17-20, 2011** - Medica - Dusseldorf, Germany

**Nov 29-Dec 2, 2011** - Marintec China 2011 - Shanghai, China

**Dec 8-10, 2011** - IFSEC India, Homeland Security India 2011 - New Delhi, India

**Mar 13-15, 2012** - Oceanology International 2012 - London, UK

**Mar 14-16, 2012** - Globe 2012 - Vancouver, Canada

**Mar 27-30, 2012** - MCE 2012 - Milan, Italy

## **-NEWS FLASH-**

U.S. Customs and Border Protection sources have informed Broker Power that the agency is "on track" to begin 10+2, including Importer Security Filing (ISF), liquidated damages enforcement sometime before the end of the summer. They also stated that CBP will be issuing an updated 10+2 frequently asked questions document by the end of the summer.

Sources also noted that John Jurgutis, the former ISF Branch Chief, has transferred to the National Targeting Center, and Michel Chausse has taken over as the new Branch Chief.

(The 10+2 interim final rule mandates that importers and vessel carriers submit additional maritime cargo information (10 data elements for importers and 2 data elements for vessel carriers) to CBP before it is brought into the U.S. Collection of the additional cargo information and their incorporation into CBP's Automated Targeting System (ATS) are intended to enhance CBP's ability to identify high-risk shipments and prevent the transportation of potential terrorist weapons into the U.S.

Although the effective date of the 10+2 interim final rule was January 26, 2009, the rule allowed for a one-year flexible enforcement period. Since the end of the flexible enforcement period, CBP has stated that it has been applying a "measured, common sense approach" to enforcement, which includes exercising the least punitive measures necessary to obtain full compliance, evaluating noncompliance on a case-by-case basis, and continuing to provide outreach and guidance to trade industry entities.)

## House Committee Posts Hearing Comments on USXPORTS Single Licensing System

The House Foreign Affairs Committee recently held the first in a series of hearings on U.S. export controls at which Administration officials provided an update on their efforts to implement the Administration's Export Control Reform Initiative, including agencies becoming operational on USXPORTS and efforts to increase enforcement overseas. In its written testimony, the Defense Department (DoD) reported that as part of the Administration's efforts to create a single IT system, it has signed agreements with the State and Commerce Departments to transition them to its USXPORTS internal licensing system. Initial operational capability for State and Commerce is expected in August and October 2011, respectively. The Bureau of Industry and Security (BIS) testified that it has recently expanded its presence in Asia so that in addition to its Export Control Officers (ECOs) in India, Russia, Hong Kong, and the United Arab Emirates it has added a second ECO in China and a new ECO in Singapore.

Chairman opening remarks:

[http://foreignaffairs.house.gov/press\\_display.asp?id=1820](http://foreignaffairs.house.gov/press_display.asp?id=1820)

Ranking Member's remarks:

[http://democrats.foreignaffairs.house.gov/press\\_display.asp?id=836](http://democrats.foreignaffairs.house.gov/press_display.asp?id=836)

Witness testimony:

<http://foreignaffairs.house.gov/hearings.asp>

USXPORTS fact sheet:

[http://www.bta.mil/products/bea/bea41/etp/App\\_E/QuadCharts/USXPORTS\\_Chart.html](http://www.bta.mil/products/bea/bea41/etp/App_E/QuadCharts/USXPORTS_Chart.html)