



# **EIB World Trade Headlines**

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## **Census Posts AES Newsletter - Indicates AES Compliance Rate Measurement to Change**

The Census Bureau's March 2012 AES Newsletter advises that the calculation of AES compliance rates will include outstanding fatal errors beginning with the April 2012 AES Compliance Report. In addition, filers will receive additional information regarding these unresolved errors. A final notification of this change will be sent 2 weeks prior to the implementation date. The Compliance Report will contain the new compliance rate and detailed information about each shipment with unresolved fatal errors, including the Shipment Reference Numbers, AES Response Codes, and AES Response Narratives. A listing of the most frequent unresolved fatal error(s) and their associated reason and resolution will be provided.

As with the current calculation, the new rate will continue to take into account the number of monthly AES Compliance Alerts per shipment. However, the rate will include the number of unresolved fatal errors for the specified month.

*(Continued below)*

## **NEWSLETTER NOTES**

- \* Census Posts AES Newsletter
- \* Ex-Dow Scientist Who Stole Secrets Gets 7 Years, 3 Months Prison
- \* White House Posts Information on New Notification Level for High Performance Computer Exports
- \* Panama Pushing for FTA with United States by October 1, 2012
- \* USTR Talks About United States/European Union Bilateral Agreement
- \* Rising Powers Mull Bank for Developing Nations
- \* U.S. and Chinese Defendants Charged with Economic Espionage/Theft of Trade Secrets in Connection with Conspiracy to Sell Trade Secrets to Chinese Companies
- \* DHS Takes Key Role in DOD Cyber-Security Program

Census remains that, to maintain a high compliance rate, filers should:

\*Make sure their AES Compliance and AES Fatal Error Reports are sent to the appropriate person in their company.

\*Minimize the total number of monthly AES Compliance Alerts.

\*Monitor and resolve outstanding fatal errors as soon as they are received.

\*Properly suppress or resubmit rejected shipments.

\*Familiarize themselves with the Appendix A—Commodity Filing Response Messages—to correct their AES Fatal Errors and to avoid future errors.

As a reminder, 15 CFR Part 30—Foreign Trade Regulations Section 30.9—states that fatal errors must be corrected and the Electronic Export Information (EEI) resubmitted prior to export for shipments filed pre-departure and as soon as possible for shipments filed post-departure, but not later than 10 calendar days after departure.

CENSUS notice:[http://www.census.gov/foreign-trade/aes/aesnewslettermarch2012\\_en.pdf](http://www.census.gov/foreign-trade/aes/aesnewslettermarch2012_en.pdf)

## Ex-Dow Scientist Who Stole Secrets Gets 7 Years, 3 Months Prison

BLOOMBERG - December 22, 2011

An ex-Dow AgroSciences LLC researcher who stole trade secrets from his former employer to benefit a Chinese university was sentenced to seven years and three months in prison, prosecutors said. Kexue Huang, 46, was sentenced yesterday by U.S. District Judge William T. Lawrence in Indianapolis, according to an e-mailed statement from U.S. Attorney Joseph Hogsett's office. "The United States Attorney's Office takes seriously its obligation to protect Hoosier businesses from economic espionage," Hogsett said in the statement. Hoosier is a nickname for people from Indiana.

Huang, a Chinese national, pleaded guilty in October to economic espionage. He also admitted to stealing trade secrets from the Minneapolis-based grain distributor Cargill Inc., the U.S. Justice Department said in October. Financial losses from his conduct exceed \$7 million, the U.S. said.

*(Continued above)*

It's the first such prosecution in Indiana under a provision of the Economic Espionage Act that bans trade-secret theft to benefit a component of a foreign government, the government said. Eight such cases have been brought since the law was enacted in 1996, the U.S. said. James Edgar, Huang's attorney, didn't immediately respond to a voice-mail message seeking comment on the sentencing.

Huang has been in federal custody since he was indicted and will begin serving his sentence immediately, said Tim Horty, a spokesman for the U.S. Attorney's office in Indianapolis. The government will seek to deport him after his sentence, Horty said in a phone interview.

### **Pesticide Research**

Huang worked for the Indianapolis-based unit of Midland, Michigan-based Dow Chemical Co., where he researched the development of organically derived pesticides, from 2003 to 2008.

While at Dow, he shared confidential information with at least two people, one of whom conducted research first at the Hunan Normal University in China and later in Dresden, Germany, according to a plea agreement, which didn't name the people.

In 2008 Huang went to work for Cargill as a biotechnologist. He admitted that while at Cargill he stole one of the company's trade secrets -- a key component in the making of a new food product -- which he gave to a student at Hunan Normal University, the U.S. said in a statement yesterday.

The cases are U.S. v. Huang, 10-cr-102 and 11-cr-163, U.S. District Court, Southern District of Indiana (Indianapolis).

## CBP Issues Message on FDA ITACS System for Uploading Documents and Checking Entry Status

The Food and Drug Administration (FDA) is announcing the Import Trade Auxiliary Communication System (ITACS) for use by the import trade community to improve communication with FDA. According to FDA, ITACS provides the import trade community with three functions:

- \*the ability to check on the status of an entry,
- \*the ability to submit entry documentation electronically, and
- \*the ability to submit goods availability information for targeted shipments electronically.

Trade benefits include the ability to receive more detailed entry statuses than what is currently transmitted to filers via the U.S. Customs and Border Protection (CBP) Automated Broker Interface (ABI), reducing the need for phone calls inquiring about the status of entries, eliminating the need to mail or fax entry documentation and goods availability to FDA as well as problems with lost documents. The availability of goods for examination should not be submitted through ITACS until the shipment has been unloaded and is physically present for FDA staff to examine.

ITACS may be used by filers and importers with a current web browser and a valid CBP entry number.

A presentation giving an overview of ITACS and how to use it is available at:  
<http://www.fda.gov/ForIndustry/ImportProgram/ucm296314.htm%20>

ITACS may be accessed at <https://itacs.fda.gov>

CBP notice (CSMS #12-000089, 03/16/12)  
[http://apps.cbp.gov/csms/viewmssg.asp?Recid=18660&page=&srch\\_argv=12-000089&srchtype=all&btype=&sortby=&sb](http://apps.cbp.gov/csms/viewmssg.asp?Recid=18660&page=&srch_argv=12-000089&srchtype=all&btype=&sortby=&sb)

## CBP Issues Proposed Rule to Conditionally Release Goods **Not Compliant** with Energy/Labeling Rules

U.S. Customs and Border Protection (CBP) issued a proposed rule that would amend CBP regulations at 19 CFR Part 12 to provide that CBP will refuse admission to certain imports that do not comply with applicable energy conservation or labeling standards, when so notified by the Energy Department (DOE) or the Federal Trade Commission (FTC). Upon recommendation from DOE or FTC, the proposed rule would allow CBP to conditionally release the goods so that they may be brought into compliance.

Comments are due by 05/25/12.

As proposed, CBP would refuse admission into the customs territory of the U.S. to consumer products and industrial equipment deemed noncompliant with the Energy Policy and Conservation Act of 1975 (EPCA) and its implementing regulations, and for which CBP has received written notice from the DOE or the FTC that identifies merchandise as noncompliant with applicable EPCA requirements. In lieu of immediate refusal of admission, and upon written or electronic notice by DOE or FTC, CBP would be able to conditionally release under bond to the importer such noncompliant products or equipment for purposes of reconditioning, re-labeling, or other action so as to bring the subject product or equipment into compliance with applicable energy conservation and labeling admissibility standards.

As reported, if the subject import is not timely brought into compliance, CBP, at the direction of DOE or FTC, would issue a refusal of admission notice to the importer and demand redelivery of the subject products to CBP custody. A failure to comply with a demand for redelivery would result in the assessment of liquidated damages.

CBP Contact – Mike Craig (202) 863-6558  
CBP notice (FR Pub 03/26/12)  
[http://ofr.gov/OFRUpload/OFRData/2012-07105\\_PI.pdf](http://ofr.gov/OFRUpload/OFRData/2012-07105_PI.pdf)

## CBP Issues Message on ACE Benefits by Industry

U.S. Customs and Border Protection (CBP) listed the trade benefits for participants in the Automated Commercial Environment (ACE) by industry segment. Specific benefits are listed for Customs brokers, importers, self-filers, sureties, carriers, trade account owners (TAOs), as well as all users with portal accounts, for (1) ACE Secure Data Portal, (2) Periodic Monthly Statement, (3) ACE Reports, (4) Entry Summary Filing, (5) Post Summary Corrections, (6) e-Manifest: Truck and (7) e-Manifest: Rail and Sea. According to CBP, this list was issued at the request of the Advisory Committee on Commercial Operations of Customs and Border Protection (COAC). Sample of the listed benefits include:

### ACE Portal Benefits for Importers and Brokers

These are benefits both importers and customs brokers receive from using the ACE Secure Data Portal:

\*Electronically respond to CBP Forms 28, 29 and 4647, "Request for Information," "Notice of Action" and "Notice to Mark or Redeliver" respectively, as well as attach documents via the ACE Portal. Note that brokers cannot view their courtesy copy of forms sent to the importer via the ACE Portal.

\*Create 5106 records via the ACE Portal.

\*Link from the ACE Portal to the ISF (Importer Security Filing) Portal and request ISF reports.

\*Search, display and print AD/CVD case information and AD/CVD messages. Users can track the life cycle of an AD/CVD case by accessing important case information such as duty deposit rates, entry summary suspension status, bond/cash status, administrative review information and events related to the case history (e.g., "Initiation," "Preliminary," "Final," "Order," "Terminated").

\*Access AD/CVD messages with additional useful information in one easy location such as additional message header data elements (e.g., "message status," "Federal Register Notice cite," "Federal Register Notice publication date," "court order number").

*(Continued above)*

\*Create blanket declaration records such as the Non-Reimbursement Blanket Statement (AD/CVD) and North American Free Trade Agreement Certificate of Origin via the ACE Portal. Once created the declaration record can be viewed nationally by CBP.

\*Create up to 125 customizable reports on specific compliance, transactional, liquidation, and financial data.

\*Identify unauthorized filers.

\*Proactively monitor trade compliance and identify discrepancies.

\*Monitor and check the accuracy of periodic monthly statements.

\*Review entry summary data.

\*Schedule Authorized Data Extracts to view large volumes of data.

\*CBP updates periodic monthly statement data hourly.

\*CBP updates BOL, in-bond, manifest, equipment and party data in the Trade Reporting sub-folder every two hours.

\*CBP updates compliance data monthly for importers and brokers.

\*ACE Reports can be customized and designed to fit companies' business needs. Customized reports can be saved so that they can be run as needed with an updated date range.

\*ACE Reports can also be scheduled to run at the date, time and frequency of the user's choosing.

\*Sharing customized ACE reports will be a new capability that allows reports to be shared with all users within the ACE account who have access to reports.

CBP notes that ACE entry summary filing allows the filing of 99% of all entry summaries through ACE, and that consumption (entry type 01), informal (entry type 11) and anti-dumping/countervailing duty (entry type 03) summaries can be filed. Benefits for Brokers that file entry summaries in ACE have been listed for review.

CBP ACE List of

Benefits: [http://www.cbp.gov/linkhandler/cgov/trade/automated/modernization/ace/ace\\_benefits\\_automated.ctt/ace\\_benefits\\_automated.pdf](http://www.cbp.gov/linkhandler/cgov/trade/automated/modernization/ace/ace_benefits_automated.ctt/ace_benefits_automated.pdf)

CBP notice: CSMS #12-0000960 (03/20/12)

[http://apps.cbp.gov/csms/csms.asp?srch\\_argv=12-000096&srctype=all&opt=1](http://apps.cbp.gov/csms/csms.asp?srch_argv=12-000096&srctype=all&opt=1)

## Commerce Posts Secretary's Speech on the Two-Year Anniversary of Nations Export Initiative

Commerce Secretary John Bryson recently traveled to Florida to meet with local business leaders and discuss his priorities for supporting advanced manufacturing and encouraging exports. Bryson noted that March 2012 marks the two-year anniversary of the signing of the Executive Order that created the National Export Initiative (NEI) with the goal of doubling exports by the end of 2014.

In 2011, the value of U.S. exports of goods and services exceeded \$2.1 trillion for the first time in U.S. history. He also stated the U.S.-Korea Free Trade Agreement (KFTA) is estimated to increase U.S. exports by approximately \$11 billion.

Commerce Secretary Bryson press release:

<http://www.commerce.gov/blog/2012/03/16/us-commerce-secretary-john-bryson-highlights-manufacturing-and-exports-florida>



## Congressman Files Petitions with FDA to Ban BPA

Congressman Edward J. Markey (D-MA), a senior member of the House Energy and Commerce Committee, recently announced that he sent three separate petitions to the Food and Drug Administration (FDA) requesting the agency permanently remove regulatory approval for the use of bisphenol-A (BPA) in infant formula and baby and toddler food packaging, small reusable household food and beverage containers, and canned food packaging, on the grounds that manufacturers have stopped using BPA in these products.

Congressman Markey press release:

<http://markey.house.gov/press-release/markey-petitions-fda-permanently-ban-bpa-infant-formula-and-baby-food-reusable-food>

## European Union Announces 10,000 AEO Members in Firm

The European Union - March 16-20, 2012

An Italian company has become the latest AEO by signing on to a EU-wide customs scheme that makes international trading faster and safer at customs checks on the EU borders. Since 2008 European companies have had the possibility to apply for an AEO status in order to benefit from customs simplifications and to be in a better position to comply with new EU security requirements.

[http://ec.europa.eu/taxation\\_customs/resources/documents/common/whats\\_new/aeo\\_press-release\\_en.pdf](http://ec.europa.eu/taxation_customs/resources/documents/common/whats_new/aeo_press-release_en.pdf)

Any fact facing us is not as important as our attitude toward it, for that determines our success or failure. The way you think about a fact may defeat you before you ever do anything about it. You are overcome by the fact because you think you are.

**Norman Vincent Peale**

## Iran's Spies Score Stunning Achievements

UNITED PRESS INTERNATIONAL - December 22, 2011

Israeli officials say Iran, which has been hit several times by mysterious computer viruses, has launched an "ambitious plan" to boost its cyberwar capabilities and is investing \$1 billion in cutting-edge technology. If the claim is correct, the Iranian effort underlines what veteran analyst Mahan Abedin calls the "stunning achievements in the intelligence, electronic and cyberwarfare fields" against the West by Tehran's security services in recent months.

The Iranian move is in apparent response to a significant increase in intelligence operations against the Islamic Republic by the United States, Britain and Israel as tensions over Tehran's contentious nuclear program escalate in a region already gripped by uncertainty and regime change. "The dramatic spike in CIA activity inside Iran in 2011 has reinforced the Iranian leadership's conviction that the Western powers are set on a confrontation and a possible military showdown with the Islamic Republic," Abedin observed in an Asian Times Online analysis Thursday.

"There is a fear in Tehran that Western agencies - working directly and indirectly with radical opposition elements -- will try to incite riots and disorder, similar in style if not scope to the ones that rocked the Iranian capital in June 2009 following the disputed presidential elections." Iran's Ministry of Intelligence and Security, which has been tightening its operations for some time, claims it arrested a CIA spy, a former U.S. Marine of Iranian origin named Amir Mirza Hekmati.

## State Department Final Rule Amends ITAR for Exports under UK Defense Trade Treaty

The State Department recently issued a final rule amending the International Traffic in Arms Regulations (ITAR) to implement the 2007 Defense Trade Cooperation Treaty between the U.S. and the United Kingdom, which provides for an exemption from otherwise applicable licensing requirements for persons or entities exporting defense articles or services to the UK for certain end-uses. The final rule also identifies the defense articles and services that may not be exported pursuant to the Treaty, and adds Israel to the list of countries and entities that have a shorter certification time period and a higher dollar value reporting threshold.

This final rule adopts, with changes and minor edits, the portion of State Department's 11/22/11 proposed rule to implement the Defense Trade Cooperation Treaties between the U.S. and the UK. The final rule implementing the Treaty between the U.S. and Australia will be published later in the year once that treaty enters into force. According to sources at the Department, implementation of the U.S.-Australia Treaty will occur at a later date because the Australian Parliament must still pass implementing legislation.

The final rule advises that it will be effective upon the entry into force of the Treaty, and State will publish a rule in the Federal Register announcing the effective date. Highlights of the provisions in the final rule are posted for review.

State Dept notice (FR Pub 03/21/12)  
<http://www.gpo.gov/fdsys/pkg/FR-2012-03-21/pdf/2012-6825.pdf>



## White House Posts Information on New Notification Level for High Performance Computer Exports

President Obama recently announced his decision to establish a new level for digital high performance computers (HPCs) that are subject to the notification procedure provided by section 1211 of the 1998 National Defense Authorization Act (Public Law 105-85). The new level will be 3.0 Weighted TeraFLOPS. The President advised that he is making this change based on the recommendation of the Departments of State, Defense, Commerce, and Energy, and has submitted the required report to Congress.

**Section 1211(a)** of this 1998 law states that the President shall require that no digital computer with a composite theoretical performance level of more than 2,000 millions of theoretical operations per second (MTOPS) or with such other composite theoretical performance level as may be established subsequently by the President under subsection (d), may be exported or re-exported without a license to a Computer Tier 3 country if the Secretary of Commerce, the Secretary of Defense, the Secretary of Energy, the Secretary of State, or the Director of the Arms Control and Disarmament Agency objects, in writing, to such export or re-export.

Any person proposing to export or re-export such a digital computer shall so notify the Secretary of Commerce, who, within 24 hours after receiving the notification, shall transmit the notification to the Secretary of Defense, the Secretary of Energy, the Secretary of State, and the Director of the Arms Control and Disarmament Agency.

**Section 1211(d)** allows the President, in consultation with the Secretary of Commerce, the Secretary of Defense, the Secretary of Energy, the Secretary of State, and the Director of the Arms Control and Disarmament Agency, to establish a new composite theoretical performance level for purposes of subsection (a). Such new level shall not take effect until 180 days after the President submits to the congressional committees designated in section 1215 a report setting forth the new composite theoretical performance level and the justification for such new level.

*(Continued above)*

## The Bureau of Industry and Security (BIS) lists the Computer Tier 3 countries as:

Afghanistan  
Algeria  
Andorra  
Angola  
Armenia  
Azerbaijan  
Bahrai  
Belarus  
Bosnia  
Herzegovina  
Cambodia  
China (People's Republic of)  
Comoros  
Djibouti  
Egypt  
Georgia  
India  
Iraq  
Israel  
Jordan  
Kazakhstan  
Kuwait  
Kyrgyzstan  
Laos  
Lebanon  
Macau  
Macedonia (The Former Yugoslav Republic of),  
Mauritania  
Moldova  
Mongolia  
Morocco  
Oman  
Pakistan  
Qatar  
Russia  
Saudi Arabia  
Serbia  
Montenegro  
Tajikistan  
Tunisia  
Turkmenistan  
Ukraine  
United Arab Emirates  
Uzbekistan  
Vanuatu  
Vietnam  
Yemen

BIS List: <http://www.bis.doc.gov/hpcs/countrytier.htm>  
PL 105-85:  
<http://www.gpo.gov/fdsys/pkg/PLAW-105publ85/pdf/PLAW-105publ85.pdf>  
White House press release:  
<http://www.whitehouse.gov/the-press-office/2012/03/16/letter-president-regarding-high-performance-computer-export-controls>

## Panama Pushing for FTA with United States by October 1, 2012

Officials at the U.S.-Panama Business Council announced that the Panamanian Minister for Commerce and Industry, Ricardo Quijano, has set a goal of October 1, 2012 for the implementation of the U.S.-Panama Free Trade Agreement (FTA). As reported, in June 2007, the U.S. and Panama signed an FTA that will liberalize trade in goods and make many U.S. exports to Panama duty-free. The FTA also includes disciplines relating to trade in services (including financial services), customs administration and trade facilitation, technical barriers to trade, government procurement, investment, telecommunications, electronic commerce, intellectual property rights, and labor and environmental protection.

Panama approved the FTA in July 2007. The Panama FTA Implementation Act was signed into law in the U.S. on 10/21/11. The International Trade Administration (ITA) that the U.S.-Panama FTA is expected to increase U.S. exports to Panama by removing or reducing trade barriers in the Panamanian market and by leveling the tariff playing field. Ninety-eight percent of Panama's exports to the U.S. entered duty-free in 2010, while fewer than 40 percent of U.S. goods entered Panama without tariffs. Specific benefits to U.S. exporters are posted for review.

Panama Ministry of Commerce and Industry press release (03/14/12) detailing Quijano's trip to Washington, DC to attend Panama Week and meet with officials of the U.S. Trade Representative:

<http://www.mici.gob.pa/detalle.php?cid=15&sid=97&id=3413>

Final text of the U.S.-Panama FTA:

<http://www.ustr.gov/trade-agreements/free-trade-agreements/panama-tpa/final-text>



## USTR Talks About United States/European Union Bilateral Agreement

Deputy U.S. Trade Representative (USTR) Michael Punke spoke at the U.S. Chamber of Commerce-Business Europe joint conference on the future direction of the World Trade Organization multilateral trading. Punke advised that the impasse of the Doha negotiations could allow the U.S. and the EU to further their bilateral cooperation, which could advance progress on other multilateral WTO trade liberalizing issues, such as an international services agreement, expansion of the information technology agreement, among other issues.

As reported, the Doha Development Round was intended to achieve major reform of the international trading system through the introduction of lower trade barriers and revised trade rules and to address the needs of less-developed countries (LDCs). The Round was officially launched in November 2001; however, negotiations have stalled over a divide on issues, such as agriculture, industrial tariffs, non-tariff barriers, services, and trade remedies. Punke commented that there is an "important silver lining" to the December 2011 acknowledgment by all WTO trade ministers that the Doha round is at an impasse.

He stated that members now have greater latitude to revitalize the WTO standing committees' and working groups' work on various WTO agreements that may have suffered from neglect in recent years due to the overwhelming amount of time and resources devoted to the Doha Round. Such WTO agreements include those on subsidies, intellectual property rights (IPR), technical barriers to trade (TBT), agriculture, sanitary and phytosanitary measures (SPS), and others.

According to Punke, the acknowledgment of Doha's prospects was necessary and was the only way to begin to tackle more productive, trade liberalizing work in the WTO. He stated a solid partnership between the U.S. and the EU is essential to finding viable paths forward for the WTO. An international services agreement is an area where closer coordination between the U.S. and the EU is particularly urgent.

*(Continued below)*

While there are some in the EU who seek a services agreement that encompass the broadest possible circle of WTO members, Punke noted big emerging economies have made it clear that they are not ready to engage seriously in services liberalization. The U.S. cannot afford to see the recent Doha history repeat itself and that the U.S. will approach an international services agreement with a keen awareness that a plurilateral structure should be a stepping stone for advancing multilateral liberalization.

USTR report: <http://www.ustr.gov/about-us/press-office/speeches/transcripts/2012/march/remarks-deputy-united-states-trade-representat>

<http://www.mici.gob.pa/detalle.php?cid=15&sid=97&id=3413>

Final text of the U.S.-Panama FTA:  
<http://www.ustr.gov/trade-agreements/free-trade-agreements/panama-tpa/final-text>

## EPA Issues Final Rule Amending TSCA Testing for Certain Chemicals

The Environmental Protection Agency (EPA) issued a direct final rule to revoke certain testing requirements for six chemical substances and all the testing requirements for four chemical substances due to information received since publication of the first test rule for certain high production volume chemical substances (HPV1). HPV1 had established testing requirements for these 10 chemical substances. As reported, section 4(a) of Toxic Substances Control Act (TSCA) authorizes EPA to require testing if certain findings are made. EPA is amending the chemical testing requirements for the 10 HPV chemical substances in 40 CFR 799.5085 because some of the findings that EPA made for these 10 chemical substances are no longer supported.

Persons who export or intend to export the four chemical substances for which all the testing requirements are revoked will no longer be subject to section 12(b) of the Toxic Substance Control Act (TSCA) export notification requirements triggered by HPV1, effective 05/15/12, unless EPA receives adverse comment in writing, or a request to present comment orally, on or before 04/16/12.

*(Continued above)*

EPA notes that it is basing its decision to revoke all testing requirements for four chemical substances and some of the testing requirements for six other chemical substances on information received since publication of HPV1 (40 CFR 799.5085), as described in this unit. This direct final rule revokes the testing requirements for the following four chemical substances:

\*Acetyl chloride (CAS No. 75-36-5);

\*imidodicarbonic diamide (CAS No. 108-19-0);

\*methane, isocyanato- (CAS No. 624-83-9);

\*and urea, reaction products with formaldehyde (CAS No. 68611-64-3).

This direct final rule also revokes some of the testing requirements for the following six chemical substances:

\*9,10-Anthracenedione (CAS No. 84-65-1);

\*1-chlorododecane (CAS No. 112-52-7);

\*phenol, 4,4'-methylenebis [2,6-bis(1,1-dimethylethyl)]- (CAS No. 118-82-1);

\*methanesulfinic acid, hydroxyl-, monosodium salt (CAS No. 149-44-0);

\*benzenesulfonic acid, [[4-[[4-(phenylamino)phenyl][4-(phenylimino)-2,5-cyclohexadien-1-ylidene]methyl]phenyl]amino]- (CAS No. 1324-76-1); and

\*C.I. Solvent Black 7 (CAS No. 8005-02-5).

EPA notice (FR Pub 0316/12)  
<http://www.gpo.gov/fdsys/pkg/FR-2012-03-16/pdf/2012-6430.pdf>



## FDA Posts Annual Report to Congress (Does Not Foresee More Foreign Offices)

The Food and Drug Administration (FDA) recently submitted its annual report to Congress on the agency's foreign offices, pursuant to the Food Safety Modernization Act (FSMA). According to FDA's report, while strengthening the "product safety net" around the world is a core part of FDA's operating model and recent reports have found an increase in food borne illness caused by imported food, the agency currently doesn't have plans to open additional foreign offices. The FDA's report outlines some of the current challenges the agency faces because of the globalization of the products for which it is responsible domestically. These challenges are highlighted by the significant increase in the volume of FDA-regulated products imported from around the globe; over 300,000 facilities in 150 different countries produce products that enter the U.S. through over 300 ports of entry.

Approximately 15 percent of the U.S. food supply is imported, and this percentage increases to about 75 percent for seafood and 50 percent for fruit. A recent Centers for Disease Control and Prevention (CDC) report has found that food borne disease outbreaks caused by imported food appeared to rise in 2009 and 2010, and nearly half of the outbreaks implicated foods imported from areas which previously had not been associated with outbreaks. From 2005 to 2010, 39 outbreaks and 2,348 illnesses were linked to imported food from 15 countries. Of those outbreaks, nearly half occurred in 2009 and 2010. Overall, fish were the most common source of implicated imported food borne disease outbreaks, followed by spices.

Nearly 45 percent of the imported foods causing outbreaks came from Asia. In response to the changing global environment, in July 2011, FDA issued a report entitled, "Pathway to Global Product Safety and Quality." One of the core building blocks of FDA's new international operating model is to assemble global coalitions of regulators dedicated to building and strengthening the product safety net around the world.

*(Continued above)*

FDA's establishment of foreign posts in strategic locations around the world and deployment of staff to various postings enables FDA to work more closely with foreign government counterparts and others within the "in-country" community on product quality and safety. In its report, FDA notes that it has no plans to open additional foreign posts at this time. As of June 30, 2011, agency has established 13 foreign posts in the following areas:

\*China – Posts in Beijing, Shanghai, and Guangzhou;

\*India – Posts in New Delhi and Mumbai;

\*Latin America – Posts in San Jose, Costa Rica; Santiago, Chile; and Mexico City, Mexico;

\*Europe – Posts in Brussels, Belgium; London, UK; and Parma, Italy;

\*Sub-Saharan Africa – Post in Pretoria, South Africa; and

\*Middle East and North Africa – Post in Amman, Jordan.

FDA notice:

<http://www.fda.gov/Food/FoodSafety/FSMA/ucm291803.htm>

## Long Arm of the Law: British Citizen Extradited to U.S. for Export Violation

**-Braumiller Schulz, LLP-**

[www.globaltradelaw.net](http://www.globaltradelaw.net)

On Jan. 12, Christopher Tappin, a British citizen and retired businessman living in Kent in the United Kingdom, lost an appeal in the British courts and will be extradited to the U.S. to face charges of attempted illegal exports to Iran. This is a dramatic and unique example of the extent to which the U.S. will enforce export control laws – in this case the laws on exports to Iran. Let's look at the history of this case to see how this came about.

*(Continued below)*

The Bureau of Immigration & Customs Enforcement (ICE) established a front company for the purpose of detecting potential illegal exports. An associate of Mr. Tappin contacted the front company to purchase articles for export to Iran. These included the batteries in issue. Mr. Tappin was involved at that time as the exporting freight forwarder.

U.S. authorities allege that Mr. Tappin attempted to buy electric batteries in the U.S. between 2005 and 2007 and then export them via the Netherlands to Iran. Mr. Tappin claims that he thought they were car batteries. Authorities maintain that the batteries are of a type used in the electronics of surface-to-air Hawk missiles. A grand jury in Texas issued an arrest warrant for Mr. Tappin in 2007. He appealed the warrant to the British courts, claiming entrapment because the ICE agents had set up a front company that he and his associate had dealt with. In denying his appeal, the British High Court noted that Mr. Tappin's associate approached the front company – and not the other way around – and that Mr. Tappin pursued the order after his associate dropped out of the transaction. Mr. Tappin devised a cover story that the batteries were to be used in the Netherlands and persisted in pursuing the order.

On Feb. 24, Mr. Tappin surrendered to U.S. extradition authorities at Heathrow Airport and was handed over to U.S. Marshals for a flight to Texas. When he arrived in Texas, he was placed in custody to await trial. This case illustrates that persons can be extradited for violation of U.S. export control laws even if they are not U.S. citizens or residents, and even though there are no equivalent laws in their country of citizenship. What is important in this case – and any similar case involving the United Kingdom – is that an individual can be extradited for conduct, which could be a violation of any law in their home country carrying a punishment of incarceration for 12 months or more. In this instance Mr. Tappin could have been accused of conspiracy to defraud and other charges, carrying a term of at least 12 months. This was enough to extradite him and anyone else under similar circumstances. As noted above, the case also illustrates the lengths to which the U.S. government will go to prosecute export violations – even if it means extradition from another country to do it.

## Rising Powers Mull Bank for Developing Nations

**NEW DELHI:** Developing nations again seem unlikely to propel one of their own citizens to the World Bank presidency. It may not matter. A group of rising powers is mulling its own alternative to Western-dominated lending institutions.

The proposal for a new development bank is one of many to be discussed by the five fast-growing nations known as BRICS when they meet for their fourth summit Thursday in New Delhi. Brazil, Russia, India, China and South Africa account for 45 percent of the world's population and a quarter of economy at \$13.5 trillion.

Increasingly crucial for world growth as flagging Western economies skimp on imports and aid, the BRICS have long argued for more influence in and reform of Western institutions. Such organizations have dominated global aid and trade policy for decades, but made patchy progress in meeting goals like eradicating poverty. President Barack Obama's decision last week to continue the tradition of nominating an American as World Bank chief over candidates from other nations as the BRICS had wanted may add to momentum for an entirely new alternative.

A new international lender could rival the World Bank and Asian Development Bank, which focus on lending to poor nations to help speed their development and reduce poverty. It's unclear if it could also perform a role in bailing out countries in crisis; a function that's largely the domain of the International Monetary Fund.

"If they can pool their resources and coordinate their aid strategies, then they will be far more powerful," said Sreeram Chaulia, world politics analyst at Jindal School of International Affairs just outside Delhi. "By floating a bank, they are strategizing and clearly playing for the long run."

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But experts cautioned that a lack of unity in foreign policy could undermine their goal. They failed to unite behind a single World Bank candidate, which might have helped their cause. "They have to get their act together politically," Chaulia said. "It is much more challenging to form a collective security agenda."

What the five BRICS nations have in common, however, is a focus on eradicating poverty, securing food and energy supplies, developing infrastructure and gaining new technologies. They may also talk about a common position on climate change. India is home to a third of the world's poor, while Johannesburg is seen as a door to Africa's largely untapped market of 1 billion people. All of the BRICS want to bolster high-tech sectors and affordable health care.

China, which is seeking to advance the use of its renminbi currency worldwide, believes the bank could offer developing nations more say in how funds are invested in emerging economies, and "downgrade the risk of ups and downs in other international currencies," Chinese Foreign Ministry official Li Kexin said, according to The Hindu newspaper. They are also likely to agree to local currency trades, further boosting and insulating their currencies from fluctuations in the West. With \$280 billion in combined trade in 2011, there is potential for much more.

But cooperation also poses challenges between five nations that are vastly different in size and foreign policy approaches, with economies also seeing signs of flux. China has reduced its annual growth target to 7.5 percent after three decades of economic growth at 10 percent or higher. India is in danger of slowing to a stagnating 6 percent rate, where it would be unable to create new jobs for its enormous and still-growing work force.

It is also not clear how the BRICS would manage a multilateral bank. China, with bulging foreign currency reserves of \$3.2 trillion, might want to permanently lead the bank, which India and Russia would not likely accept. Unlike the U.S. and European countries that underpin the IMF and World Bank, the BRICS include a multitude of political systems, from authoritarian Russia and China to the South African, Indian and Brazilian democracies.

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Rarely do they show a common stance on global issues, whether it be Iran sanctions or calls for Syria's government to end violence against democracy protesters. Such differences would complicate investment decisions that carry foreign policy consequences. China tends to bypass organizations and give directly to governments, favoring those that support its line against freedom for Tibet.

Authorities in India are bracing for more anti-China protests during President Hu Jintao's visit, after a Tibetan exile lit himself on fire and ran shouting through a New Delhi demonstration Monday. There have been 30 such self-immolations in the past year in ethnic Tibetan areas of China. India says the BRICS "present an opportunity as new growth poles in a multi-polar world."

Ultimately, they cannot follow Western growth trajectories that benefited from decades of colonialism and industrialization now deemed problematic if climate chaos is to be avoided.



## Ex-Motorola Worker Guilty of Trade-Secret Theft, Not Espionage

CHICAGO SUN-TIMES - February 8, 2012

A Chicago federal judge found a former engineer at Motorola Inc. who was stopped at O'Hare International Airport five years ago with company documents guilty of stealing trade secrets from Motorola but not guilty of corporate espionage.

Hanjuan Jin, 41, had waived her right to a jury trial on charges of trade-secret theft and economic espionage, leaving it to Judge Ruben Castillo to announce a verdict at the hearing Wednesday. Prosecutors accused Jin of stealing confidential information from the Schaumburg-based cellphone company, knowing it would likely end up with China's military. John Murphy, attorney for Jin, said, "While we are disappointed on the guilty verdicts, the overall verdict is a full repudiation of everything the government has pushed for five years — that she was a spy." U.S. Attorney Patrick Fitzgerald said the guilty verdicts should show the corporate community that "we take these trade secret cases very seriously" and that such cases can be tried successfully without revealing the trade secrets themselves.

Fitzgerald said the corporate community should seek to try suspected trade-secret theft, which he called "an emerging problem" that can potentially affect the U.S. economy and national security. Each of the three counts of stealing trade secrets carries a maximum sentence of 10 years in prison. Fitzgerald said prosecutors have yet to decide the length of sentence they will request. Castillo, who said there had "been no rush to judgment by this court," wrote in his 77-page ruling that Jin "knew of the effort and resources that went into developing and protecting the technology described in the trade secrets," so she knew that the information would give an unfair advantage to a competitor who obtained them.

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The judge said the prosecution failed to show that Jin planned to give trade secrets to the Chinese government. Jin remains on electronic monitoring and will be sentenced in April. The two companies that split from the former Motorola Inc. — smartphone business Motorola Mobility and walkie-talkie business Motorola Solutions — last week settled a separate, civil lawsuit that Motorola had filed against a Schaumburg technology company, where Jin had once worked, over the alleged stolen trade secrets. Neither Motorola nor the other company, Lemko, which had countersued in the case, disclosed terms of the settlement.

## Former University of Tennessee Professor John Reece Roth Begins Serving Four-Year Prison Sentence on Convictions of Illegally Exporting Military Research Data

U.S. DEPARTMENT OF JUSTICE - February 1, 2012

KNOXVILLE, Tenn. – On January 18, 2012, John Reece Roth, a former professor of electrical engineering at the University of Tennessee (UT) in Knoxville, began serving a four-year prison sentence for his September 2008 convictions. Roth had been on bond pending his appeals, all of which were unsuccessful. He self-surrendered to the federal correctional facility in Ashland, KY.

Roth was convicted after a jury trial in U.S. District Court in Knoxville, of conspiracy, wire fraud, and 15 counts of exporting — defense articles and services without a license. As a UT professor, Roth obtained an U.S. Air Force (USAF) contract to develop plasma actuators to control the flight of small, subsonic, unmanned, military drone aircraft. During the course of that contract he allowed two foreign national students to access export controlled data and equipment, and export some of the data from the contract on a trip to China.

The Arms Export Control Act prohibits the export of defense-related materials, including the technical data, to a foreign national or a foreign nation. This case was a first-of-its-kind prosecution of a university professor for the transfer of controlled defense technology to foreign national graduate students.

## Former Dow Research Scientist Sentenced to 60 Months in Prison for Stealing Trade Secrets and Perjury

U.S. DEPARTMENT OF JUSTICE - January 13, 2012

WASHINGTON – A former research scientist was sentenced late yesterday to 60 months in prison for stealing trade secrets from Dow Chemical Company and selling them to companies in the People’s Republic of China, as well as committing perjury, announced Assistant Attorney General Lanny A. Breuer of the Justice Department’s Criminal Division and U.S. Attorney Donald J. Cazayoux Jr. for the Middle District of Louisiana.

U.S. District Court Judge James J. Brady also sentenced Wen Chyu Liu, aka David W. Liou, 75, of Houston, to two years of supervised release and ordered him to forfeit \$600,000 and pay a \$25,000 fine. A federal jury in Baton Rouge, LA convicted Liu on Feb. 7, 2011, of one count of conspiracy to commit trade secret theft and one count of perjury. According to the evidence presented in court, Liu came to the United States from China for graduate work. He began working for Dow in 1965 and retired in 1992. Dow is a leading producer of the elastomeric polymer, chlorinated polyethylene (CPE). Dow’s Tyrin CPE is used in a number of applications worldwide, such as automotive and industrial hoses, electrical cable jackets and vinyl siding.

While employed at Dow, Liu worked as a research scientist at the company’s Plaquemine, La., facility on various aspects of the development and manufacture of Dow elastomers, including Tyrin CPE. Liu had access to trade secrets and confidential and proprietary information pertaining to Dow’s Tyrin CPE process and product technology. The evidence at trial established that Liu conspired with at least four current and former employees of Dow’s facilities in Plaquemine and Stade, Germany, who had worked in Tyrin CPE production, to misappropriate those trade secrets in an effort to develop and market CPE process design packages to various Chinese companies.

Liu traveled extensively throughout China to market the stolen information, and evidence introduced at trial showed that he paid current and former Dow employees for Dow’s CPE-related material and information. In one instance, Liu bribed a then-employee at the Plaquemine facility with \$50,000 in cash to provide Dow’s process manual and other CPE-related information.

## U.S. and Chinese Defendants Charged with Economic Espionage/Theft of Trade Secrets in Connection with Conspiracy to Sell Trade Secrets to Chinese Companies

U.S. DEPARTMENT OF JUSTICE - February 6, 2012

U.S. Citizens Alleged to Have Conveyed Valuable DuPont Technology to Companies Controlled by the Government of the People’s Republic of China.

SAN FRANCISCO—A federal grand jury in San Francisco has charged five individuals and five companies with economic espionage and theft of trade secrets for their roles in a long-running effort to obtain U.S. trade secrets for the benefit of companies controlled by the government of the People’s Republic of China (PRC), announced U.S. Attorney Melinda Haag; Lisa Monaco, Assistant Attorney General for National Security at the Department of Justice; and Stephanie Douglas, Special Agent in Charge of the FBI San Francisco Division.

According to the superseding indictment, the government of the PRC identified as a priority the development of chloride-route titanium dioxide (TiO<sub>2</sub>) production capabilities. TiO<sub>2</sub> is a commercially valuable white pigment with numerous uses, including coloring paint, plastics, and paper. To achieve that goal, companies controlled by the PRC government, specifically the Pangang Group companies named in the superseding indictment, and employees of those companies conspired and attempted to illegally obtain TiO<sub>2</sub> technology that had been developed over many years of research and development by E.I. du Pont de Nemours & Company (DuPont).

According to the superseding indictment, the Pangang Group companies were aided in their efforts by individuals in the United States who had obtained TiO<sub>2</sub> trade secrets and were willing to sell those secrets for significant sums of money. Defendants Walter Liew, Christina Liew, Robert Maegerle and Tze Chao obtained and possessed TiO<sub>2</sub> trade secrets belonging to DuPont. Each of these individuals allegedly sold information containing DuPont TiO<sub>2</sub> trade secrets to the Pangang Group companies for the purpose of helping those companies develop large-scale chloride route TiO<sub>2</sub> production capability in the PRC, including a planned 100,000 ton TiO<sub>2</sub> factory at Chongqing, PRC.

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According to the superseding indictment, the Liews, USA Performance Technology Inc. (USAPTI), and one of its predecessor companies, Performance Group, entered into contracts worth in excess of \$20 million to convey TiO2 trade secret technology to Pangang Group companies. The Liews allegedly received millions of dollars of proceeds from these contracts. The proceeds were wired through the United States, Singapore and ultimately back into several bank accounts in the PRC in the names of relatives of Christina Liew.

**The five individuals charged in the indictment are:**

**\*\*Walter Lian-Heen Liew, aka "Liu Yuanxuan,"** 54, of Orinda, Calif. Mr. Liew is a naturalized U.S. citizen and co-owner of USAPTI. Mr. Liew is charged with conspiracy to commit economic espionage, conspiracy to commit theft of trade secrets, attempted economic espionage, attempted theft of trade secrets, possession of trade secrets, conveying trade secrets, conspiracy to obstruct justice, witness tampering, conspiracy to tamper with evidence, and false statements. Mr. Liew was charged in August 2011 with obstruction of justice and making false statements to the FBI. He was arrested at that time and has been ordered detained pending trial based on a finding by Magistrate Judge Nathanael Cousins that he is a flight risk. Mr. Liew's next scheduled court appearance is before the Honorable Jeffrey S. White on Feb. 9, 2012, at 2:00 p.m.

**\*\*Christina Hong Qiao Liew, aka "Qiao Hong,"** 49, of Orinda. Mrs. Liew is a naturalized U.S. citizen and co-owner with her husband, Walter Liew, of USAPTI. Mrs. Liew is charged with conspiracy to commit economic espionage, conspiracy to commit theft of trade secrets, attempted economic espionage, attempted theft of trade secrets, witness tampering, conspiracy to tamper with evidence, and false statements. Mrs. Liew also was charged in August 2011 with obstruction of justice and making false statements to the FBI. She was released by the court on conditions that include travel restrictions and electronic monitoring. Mrs. Liew's next scheduled court appearance is before the Honorable Jeffrey S. White on Feb. 9, 2012, at 2:00 p.m.

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**\*\*Hou Shengdong, 42, a citizen of the PRC.** Hou was the vice director of the Chloride Process TiO2 Project Department for the Pangang Group Titanium Industry Company Ltd. According to the superseding indictment, Hou and other Pangang Group employees requested DuPont blueprints as a condition of working on the Pangang Group project. Hou is charged with conspiracy to commit economic espionage, conspiracy to commit theft of trade secrets, and attempted economic espionage. A warrant has been issued for Hou's arrest.

**\*\*Robert Maegerle, 76, of Harbeson, Del.** Maegerle was employed by DuPont as an engineer from 1956 to 1991. According to the superseding indictment, Maegerle had access to DuPont TiO2 trade secrets, including specific information regarding DuPont's TiO2 facility at Kwan Yin, Taiwan. Maegerle is charged with conspiracy to commit theft of trade secrets, attempted theft of trade secrets, conveying trade secrets, and conspiracy to obstruct justice. Maegerle was arrested this morning in Harbeson.

**\*\*Tze Chao, 77, of Newark, DE.** Chao was employed by DuPont from 1966 to 2002. Chao is charged with conspiracy to commit economic espionage. Chao was served with a summons to appear in court in San Francisco on March 1, 2012, at 9:30 a.m. for arraignment on the superseding indictment.

**The superseding indictment also names five companies as defendants:**

**\*\*Pangang Group Company Ltd.** Pangang Group, § Pangang Group Steel Vanadium & Titanium Company Ltd. (PGSVTC). PGSVTC is a subsidiary of the Pangang Group. § Pangang Group Titanium Industry Company Ltd. Pangang Group § Pangang Group International Economic & Trading Co. (PIETC). PIETC

**\*\*USA Performance Technology Inc. (USAPTI).** USAPTI is an Oakland, Calif.-based engineering consulting company owned and operated by Walter and Christina Liew.

Each of the five corporate defendants named in the superseding indictment are charged with conspiracy to commit economic espionage, conspiracy to commit theft of trade secrets, and attempted economic espionage. Summonses were issued to each corporate defendant requiring them to appear in court in San Francisco on March 1, 2012, at 9:30 a.m. for arraignment on the superseding indictment.

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DuPont is a company based in Wilmington, Del., that manufactures a wide variety of products, including TiO<sub>2</sub>. DuPont invented the chloride-route process for manufacturing TiO<sub>2</sub> in the late-1940s and since then has invested heavily in research and development to improve that production process. The global titanium dioxide market has been valued at roughly \$12 billion, and DuPont has the largest share of that market.

The chloride-route process is more efficient and cleaner than the sulfate-route process prevalent in the PRC. The superseding indictment alleges that the object of the defendants' conspiracy was to convey DuPont's secret chloride-route technology to the PRC companies for the purpose of building modern TiO<sub>2</sub> production facilities in the PRC without investing in time-consuming and expensive research and development.

DuPont reported information to the FBI that its TiO<sub>2</sub> trade secrets had been misappropriated. The FBI opened an investigation in March 2011.

## Is Chinese Espionage Responsible for the Rising Costs of the F-35?

ATLANTIC COUNCIL - February 6, 2012

From David Fulghum, Bill Sweetman, and Amy Butler, *Aviation Week*: How much of the F-35 Joint Strike Fighter's spiraling cost in recent years can be traced to China's cybertheft of technology and the subsequent need to reduce the fifth-generation aircraft's vulnerability to detection and electronic attack?

That is a central question that budget planners are asking, and their queries appear to have validity. Moreover, senior Pentagon and industry officials say other classified weapon programs are suffering from the same problem. Before the intrusions were discovered nearly three years ago, Chinese hackers actually sat in on what were supposed to have been secure, online program-progress conferences, the officials say.

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The full extent of the connection is still being assessed, but there is consensus that escalating costs, reduced annual purchases and production stretch-outs are a reflection to some degree of the need for redesign of critical equipment. Examples include specialized communications and antenna arrays for stealth aircraft, as well as significant rewriting of software to protect systems vulnerable to hacking.

It is only recently that U.S. officials have started talking openly about how data losses are driving up the cost of military programs and creating operational vulnerabilities, although claims of a large impact on the Lockheed Martin JSF are drawing mixed responses from senior leaders. All the same, no one is saying there has been no impact.

## Brookline Man Sentenced for Foreign Economic Espionage

U.S. DEPARTMENT OF JUSTICE - December 19, 2011

BOSTON—A Brookline man was sentenced today by U.S. District Court Judge Denise J. Casper to six months in prison, followed by six months in home confinement and electronic monitoring, and fined \$25,000 for committing foreign economic espionage. This is the first prosecution in Massachusetts for foreign economic espionage and only the eighth in the nation.

Elliot Doxer, 43, had previously pleaded guilty to one count of foreign economic espionage for providing trade secrets over an 18-month period to an undercover federal agent posing as an Israeli intelligence officer. United States Attorney Carmen M. Ortiz said, "Foreign espionage poses serious risk to our nation's security and to corporate America. I want to commend the investigators and prosecutors in this case, and thank Akamai Technologies, Inc. for their cooperation and assistance. Thanks to the outstanding cooperation between law enforcement and Akamai Technologies, Inc., the government was able to thwart a potential breach in our national and corporate security."

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"Mr. Doxer's criminal actions were an affront to the dedicated workers in the thriving technology industry. The FBI's investigation of him should not go unnoticed by those who seek to steal trade secrets and confidential business information," said Richard DesLauriers, Special Agent in Charge of the FBI in Boston. "Preventing, deterring, and detecting those intent on stealing trade secrets and American technology from local industry leaders is a high priority for the FBI. Because the Boston area is a worldwide leader of innovative technology and research, the FBI has a vigorous program to educate companies on the enormous threat posed by economic espionage and teaches companies how to detect and deter it. I also want to recognize the U.S. Postal Inspector's Service, which provided the FBI with substantial assistance during the investigation." On June 22, 2006, Doxer sent an e-mail to the Israeli consulate in Boston stating that he worked in the finance department of Akamai Technologies, Inc., and was willing to provide any information that might help Israel. In later communications, Doxer said that his chief desire "was to help our homeland and our war against our enemies." He also asked for payment in light of the risks he was taking.

In Sept. 2007, a federal agent posing as an undercover Israeli intelligence officer spoke to Doxer and established a "dead drop" where the agent and Doxer could exchange written communications. From Oct. 2007 through March 2009, Doxer visited the dead drop at least 62 times to leave information, retrieve communications, and check for new communications.

Included in the trade secret information that Doxer provided the undercover agent were an extensive list of Akamai's customers; contracts between the company and various customers revealing contact, services, pricing, and termination date information; and a comprehensive list of the company's employees that revealed their positions and full contact information. Doxer also broadly described the company's physical and computer security systems and stated that he could travel to the foreign country and could support special and sensitive operations in his local area if needed. Because Akamai's information was disclosed only to an undercover agent from the beginning, the information was never in danger of actual exposure outside the company.

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We acknowledge the Government of Israel for their cooperation in this investigation, and underscore that the Information does not allege that the government of Israel or anyone acting on its behalf committed any offense under U.S. laws in this case. We would also like to acknowledge and thank Akamai Technologies, Inc., for its assistance throughout all stages of the investigation and prosecution.

U.S. Attorney Ortiz; SAC DesLauriers of the FBI; and Robert Bethel, Inspector in Charge of the U.S. Postal Inspection Service made the announcement today. The case was prosecuted by Assistant U.S. Attorneys William D. Weinreb and Scott L. Garland, respectively in Ortiz's Antiterrorism and National Security Unit and Cybercrimes Unit, and by Trial Attorneys Kathleen Kedian and David Recker of the Department of Justice's Counterespionage Section.

## DHS Takes Key Role in DOD Cyber-Security Program

FEDERAL COMPUTER WEEK - January 18, 2011

The Pentagon's Defense Industrial Base (DIB) Cyber Pilot, first outlined last July by then-Deputy Defense Secretary William Lynn, has given the Homeland Security department an expanded role; DHS will take over communications with private Internet service providers. The ISPs are a critical part of the pilot program, responsible for filtering incoming e-mails of DIB participants.

DIB, overall, is a voluntary partnership between DOD and the contractors supporting it in order to combat cyber threats. With DHS now in on the program, it's evolved into the Joint Cybersecurity Services Pilot (JCSP), according to a DHS **privacy assessment**.

"The JCSP seeks to build upon the DIB Opt-In Pilot and allow DHS, through the National Cyber Security Division U.S. Computer Emergency Readiness Team, to share indicators and other information about known or suspected cyber threats directly with [commercial service providers to enhance the protection of JCSP participants, including certain DIB companies and any participating federal agencies," the DHS assessment stated.

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According to a **NextGov report**, DOD will continue to oversee communications with the contractors participating in the program. There's been talk of expanding the pilot since it was first rolled out. In his announcement Lynn said expansion of the program would be possible once an assessment of the program had been conducted. That assessment has now been completed – with mixed reviews, according to a **Washington Post report** on the study's findings, which have not been made public.

The initial leg of the pilot program has demonstrated the viability of information-sharing among private companies and government agencies, according to the Post report. It has also showed ISPs are capable of handling the classified National Security Agency-provided intelligence being used among participants, including NSA signatures of malicious code, which are the fingerprints of potentially dangerous malware.

But the program hasn't proved effective in staving off cyber attacks that participants could have prevented themselves without the shared data. For example, of the 52 malicious activity incidents detected during the test run, only two were found using NSA's data, the report stated.

"Unfortunately, the report on the DIB Pilot Program highlights one of my continuing points, that there is no silver bullet in cybersecurity," Rep. James Langevin (D-R.I.), co-founder of the Congressional Cybersecurity Caucus, said in a statement. "Signature-based defenses alone will never be enough to secure our defense contractors, our classified networks or our critical infrastructure. We need a comprehensive approach to cybersecurity that incorporates innovative information-sharing arrangements with industry, while also boosting our capabilities for our own defenses and those who manage our critical infrastructure."

While the pilot program is expanding by bringing DHS into the fold, it appears no new companies have been added. When Lynn announced the program last summer, he said the pilot comprises less than two dozen commercial defense companies with which DOD shares classified threat intelligence

## EU Announces 10,000 AEO Members in Firm

The European Union issued the following trade-related releases on March 16-20, 2012:

An Italian company has become the latest AEO by signing on to an EU-wide customs scheme that makes international trading faster and safer at customs checks on the EU borders. Since 2008 European companies have had the possibility to apply for an AEO status in order to benefit from customs simplifications and to be in a better position to comply with new EU security requirements.

[http://ec.europa.eu/taxation\\_customs/resources/documents/common/whats\\_new/aeo\\_press-release\\_en.pdf](http://ec.europa.eu/taxation_customs/resources/documents/common/whats_new/aeo_press-release_en.pdf)