



EIB World Trade Headlines

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President Extends Burma Sanctions for Another Year

President Obama signed into law H.J. Res. 83, which renews the import restrictions contained in the Burmese Freedom and Democracy Act of 2003. H.J. Res. 83 **renews** for another year the existing import restrictions on Burma that were imposed by Section 3(a)(1), 3A(b)(1) and 3A(c)(1) of the Burmese Freedom and Democracy Act (Act) of 2003. The continuation of these sanctions is funded by extending certain customs user fees (not the merchandise processing fee (MPF)); and making certain revisions to provisions on corporate estimated taxes. The renewal of the import restrictions is retroactive to 07/26/10.

H.J. Res. 83: http://frwebgate.access.gpo.gov/cgi-bin/getdoc.cgi?dbname=111_cong_bills&docid=f:hj83enr.txt.pdf

White House statement: <http://www.whitehouse.gov/the-press-office/statement-press-secretary-hjres-83-hr-689-hr-3360-hr-4840-and-hr-5502>

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Treasury Issues Notice of Current List of Countries Requiring Cooperation with International Boycott

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 (UAE), and Republic of Yemen. According to the TD Iraq is not included in this list, but its status with respect to future lists remains under review. The Bureau of Industry and Security (BIS) note that the anti-boycott 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. 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 anti-boycott laws apply to all boycotts imposed by foreign countries that are unsanctioned by the U.S. The Export Administration Regulations 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 anti-boycott regulations, recent examples of boycott requests, etc., is available on BIS' Web site:

<http://www.bis.doc.gov/complianceand enforcement /antiboycottcompliance.htm>

BIS Issues Final Rule on Adding Countries to Direct Product Rule for Foreign-Made Items

The Bureau of Industry and Security (BIS) issued a final rule which expands the number of countries under the "direct product rule," which requires an export license or license exception for certain foreign-made items. Effective 07/30/10, BIS' final rule also makes parallel revisions or clarifications to written assurances required under License Exception TSR (Technology and Software Restricted), information required on the license application for national security controlled technology, and the instructional steps in the Export Administration Regulation (EAR) that provide guidance on how to apply the direct product rule. Under the "direct product rule", a foreign-made item is subject to the EAR and requires an export license or license exception, if the item meets the following four conditions:

1. is located outside of the U.S.;
2. is subject to national security controls under the EAR;
3. is the direct product of U.S.-origin software or technology that requires a written assurance as a supporting document for a license or as a pre-condition for use of License Exception Technology and Software, Restricted (TSR); and
4. is being reexported to a destination in a country of national security concern or a terrorist supporting country.

BIS contact – Sharron Cook (202) 482-2440

BIS notice *(FR Pub 07/30/10)
<http://edocket.access.gpo.gov/2010/pdf/2010-18733.pdf>



House Subcommittee Posts Info on Testimony About Export Transshipments, Considers Withdrawing China MFN

The House Foreign Affairs Committee's Subcommittee on Terrorism, Nonproliferation, and Trade recently held a hearing on exports entitled "Transshipment and Diversion: Are U.S. Trading Partners Doing Enough to Prevent the Spread of Dangerous Technologies?" Testifying at this hearing were the State Department's Acting Assistant Secretary of its Bureau of International Security and Nonproliferation (BIS) and the BIS's Assistant Secretary for Export Administration. During a discussion at the hearing on whether China was concerned about being sanctioned or losing its access to the U.S. market for failing to prevent illegal diversion and transshipment of sensitive U.S. technologies, Subcommittee Chairman Sherman (D) commented that he intends to introduce legislation that would end most-favored-nation (MFN) status for China. During the question and answer portion of the hearing, the Chairman noted that, although the United Arab Emirates (UAE), Malaysia, and China have made progress on paper in improving their systems for preventing unlawful transshipment of sensitive technologies, they remain

transshipment hubs of great concern. The Commerce Department noted that it has only one full time employee in UAE to do end user verifications. The State Department's approach to combating illicit transshipment and diversion consists of various policy and programmatic efforts. According to the written BIS testimony, BIS utilizes various tools to combat unlawful transshipment and diversion, including:

- the Entity List;
- Temporary Denial Orders;
- outreach events with the public and private sector;
- Office of Export Enforcement (OEE) end-use checks;
- Export Control Officers at U.S. embassies in Beijing, China; Abu Dhabi, UAE; New Delhi, India;
- Moscow, Russia;
- the U.S. Consulate in Hong Kong;
- and Singapore.

House subcommittee notice:

<http://foreignaffairs.house.gov/hearing/notice.asp?id=1196>

[Export.Gov](#) Issues Notice on Trade Mission to Saudi Arabia

[Export.gov](#) is announcing a Commerce Department (DOC) executive-lead Energy and Infrastructure Trade Mission to Saudi Arabia. The mission will introduce U.S. energy and infrastructure suppliers to end-users and prospective partners from the Kingdom of Saudi Arabia. According to DOC, a trade mission to Riyadh and Dhahran, Saudi Arabia, is scheduled for 12/6 – 12/8/10. An optional one-day stop in Jeddah for companies in the aviation sector is planned for 12/5/10. Registration for this trade mission is due by 9/15/10.

DOC trade mission: <http://www.export.gov/saudimission2010/index.asp>

DHS Testifies at Senate Hearing, Indicates it Will Not Meet 2010 Maritime Scanning Deadline

Recently the Senate Commerce, Science, and Transportation Committee held a hearing on reauthorizing the Security and Accountability for Every (SAFE) Port Act of 2006. The SAFE Port Act calls for testing the feasibility of scanning 100% of U.S.-bound cargo containers; and the Implementing Recommendations of the 9/11 Commission Act requires scanning 100% of U.S.-bound (maritime) cargo containers by 07/01/12 or such other date as established by the Department of Homeland Security (DHS) Secretary, whichever is earlier. The 9/11 Act also contains a provision granting the DHS Secretary authority to extend the deadline by 2 year increments. Senators and officials for U.S. Customs and Border Protection (CBP), Coast Guard, and the Government Accountability Office (GAO) discussed the challenge of making U.S. ports more secure. As discussed in 2009, approximately 10 million containers entered U.S. seaports and CBP scanned 4-5% of such containers. However, the costs of 100% scanning pose a great challenge, particularly in a struggling economy. In order to implement the 100% scanning requirement by the 2012 deadline, the DHS would need significant resources for greater manpower and technology, technologies that do not currently exist, and the redesign of many ports. As DHS Secretary Napolitano has indicated, these are all prohibitive challenges that will require DHS to seek the time extensions authorized by law. Officials also discussed the Secure Freight Initiative (SFI), which was created in December 2006 to test the feasibility of scanning 100% of U.S.-bound container cargo. This program was to be piloted at the ports of Puerto Cortes, Honduras; Qasim, Pakistan; Southampton, United Kingdom; Busan, South Korea; Hong Kong; Salalah, Oman; and Singapore. As of April 2010, SFI has been operational at five of these seven seaports. Since the inception of the SFI program in October 2007, no participating port has been able to achieve 100% scanning. U.S. Scanning operations at the SFI ports have encountered a number of challenges - including safety concerns, logistical problems with containers transferred from rail or other vessels, scanning equipment breakdowns, and poor-quality scan images.

DHS hearing testimony:

http://commerce.senate.gov/public/index.cfm?p=Hearings&ContentRecord_id=a53fc0f0-3bed-4930-9ce3-

[01045766ad02&ContentType_id=14f995b9-dfa5-407a-9d35-56cc7152a7ed&Group_id=b06c39af-e033-4cba-9221-de668ca1978a](http://commerce.senate.gov/public/index.cfm?p=Hearings&ContentRecord_id=a53fc0f0-3bed-4930-9ce3-01045766ad02&ContentType_id=14f995b9-dfa5-407a-9d35-56cc7152a7ed&Group_id=b06c39af-e033-4cba-9221-de668ca1978a)

Senate Working on New Port Security Bill, Would Delay 100% Cargo Scanning Deadline to 2015

Chairman Rockefeller (D) and Ranking Member Hutchinson (R) of the Senate Committee on Commerce, Science, and Transportation introduced S. 3639, the "Maritime Transportation Security Act of 2010," in order to strengthen security at U.S. ports by focusing resources on critical areas. The Maritime Transportation Security Act of 2010 would build upon the existing port security regime established in the Maritime Transportation Security Act of 2002 (MTSA) and the Security and Accountability for Every (SAFE) Port Act of 2006. According to a Committee press release, the Maritime Transportation Security Act of 2010 would:

- Extend scanning deadline to 2015,
- Coast Guard and U.S. Customs and Border Protection (CBP) to establish a single electronic window for collecting advance information,
- Develop protocols for hazardous cargo,
- Authorize Coast Guard to lend, lease, loan equipment,
- Provide foreign port assistance,
- Coordinate, consolidate port assessments/inspections,
- Security individuals for foreign-flagged vessels,
- Port security training and certification,
- Transportation Worker Identification Credentials (TWICs) for vessel crews,
- Authorize grant program for port infrastructure, and
- Increase small vessel security.

DDTC Release Upgraded Version of D-Trade2, Version Now 2.3.2

The Directorate of Defense Trade Controls (DDTC) released a new version of D-Trade2 (Version 2.3.2) as of 07/16/10, and has issued a release notes document. DDTC's release notes provide specific information for this release, including its interface with the internal D-Trade2 system, new features/functionality, known software issues/limitations, and previous bug fixes. DDTC notes that users should refer to its release notes document prior to reporting any new bugs. D-Trade2 Version 2.3.2 contains attachment validation for the DSP-5 batch submissions. According to the release notes, the batch business validator has been updated for the Applicant Statement Certification. DDTC notice:

<http://www.pmdtcc.state.gov/dtrade/documents/DT2v2.3.2ERN.pdf>

DDTC Issues Updated Guidance on Certain License Requests Under DSP License

The Directorate of Defense Trade Controls (DDTC) updated its guidance "Requests for Proviso Reconsideration and/or Clarification" to include additional instructions for replacement DSP authorizations.

A license holder may request reconsideration and/or clarification of a proviso imposed on a DDTC authorization. For DSP licenses, a request for reconsideration and/or clarification of a proviso can be submitted as a General Correspondence request or a replacement DSP authorization. For requests via replacement DSP authorizations, in the purpose block, the applicant should identify the submission as a "Proviso Reconsideration of [license number]". There must be no other changes to the license application and this must be stated in the purpose block. DDTC updates the guidance to add that the applicant must also restate the original purpose description as this is a replacement authorization.

DDTC updated guidance:

http://www.pmdtcc.state.gov/licensing/documents/gl_proviso.pdf

House Subcommittee Holds Hearing on Need for More US Flagged Vessels to Meet Export Goal

A House Transportation Subcommittee recently held a hearing entitled, "Status of U.S.-flagged Vessels in U.S.-Foreign Trade" to discuss the conditions under which operators of U.S. flag ships must compete, their challenges, and ideas for developing maritime policies that will enhance their competitiveness. Transportation Department Maritime Administrator Matsuda notes that it is U.S. policy to maintain a U.S.-flag merchant marine sufficient to carry U.S. waterborne domestic commerce and a substantial part of U.S. foreign commerce. However, U.S. foreign trade carried on U.S.-flagged vessels has been declining for many years and now represents less than 2% of U.S. foreign trade. Subcommittee Chair Cummings noted the U.S.-flagged fleet needs to expand and points out that over-reliance on foreign-flagged vessels will challenge the Administration's goal to double U.S. exports in five years. House Subcommittee report:

<http://transportation.house.gov/hearings/hearingdetail.aspx?NewsID=1267>

