



EIB World Trade Headlines

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Remarks of Eric L. Hirschhorn Under Secretary for Industry and Security United States Department of Commerce

Export Control Reform Workshop Colorado Springs, Colorado May 19, 2014

Thank you for the opportunity to speak to the Export Control Workshop. I also would like to thank Patricia Cooper of the Satellite Industry Association and our Conference hosts, the Space Symposium, for organizing this event.

My appearance here today coincides with last Tuesday's publication of the new Commerce and State Department rules that transfer certain satellites and related items from the U.S. Munitions List (USML) to the Commerce Control List (CCL).

I would like to express my appreciation to the members of the satellite industry for the cooperation and support you have provided Commerce and the other agencies in getting these rules right. We value your comments and our dialogue about Export Control Reform (ECR) has resulted in the development of sound public policy that enhances U.S. national security.

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Export Control Reform (ECR) Generally

Today, I will discuss the ECR changes, including the satellite rules, we have completed over the past year as well as some of ECR's national security and economic benefits for the U.S. Government and industry. I will then provide an update on where we stand today, discuss what we can do to ensure the successful implementation of the satellite rule, and say a few words about my bureau's U.S. Space Industry "Deep Dive" report, which involves many segments of your industry.

Our national security requires reform of the export control system. We need to: (1) improve *our interoperability* with close friends and allies; (2) strengthen the U.S. *defense industrial base* by reducing incentives to "*design out*" controlled U.S.-origin parts; and (3) *focus our limited resources* on the threats that matter most. In addition to achieving these national security objectives, ECR will *ease the licensing burden* on U.S. exporters.

Implementing these objectives requires significant regulatory change. We have strived to make the reform process clear, predictable, and reliable because the control system we're leaving behind is confusing, overly complex, and tries to protect too much.

A central part of the reform initiative is the Defense Department-led effort, in which State, Commerce, and other departments and agencies have participated, to identify those defense articles on the State Department's United States Munitions List (USML) that continue to warrant the strict, one-size-fits-all controls of the International Traffic in Arms Regulations (ITAR). This has involved working closely with the military services to ensure that only those defense articles critical to maintaining a military or intelligence advantage remain on the USML.

The review process has resulted in the removal, as far as we could, of the basket categories that until now have accounted for about half of the 85,000 licenses issued annually by the Department of State. Military items that do not warrant continued control on the USML are becoming subject to the Export Administration Regulations (EAR) and the new "600 series" controls on the Commerce Control List (CCL). Because the satellite items that are being transferred are not military in character, they will go into the new 9x515 ECCNs—that is, a "500 series"—on the CCL rather than the "600 series."

This is *not* a decontrol, but Commerce's regulations allow for country-based exceptions as well as distinctions based on the technical specifications of an item. Thus, the U.S. government can "right-size" controls on less sensitive military items, such as a bolt for an F-16, that are destined

Status of ECR Activities

We are translating the ideas of making the USML into a positive list, establishing License Exception Strategic Trade Authorization (STA), and affecting other reforms into final regulations.

On April 16, 2014, Commerce and State published final rules revising the controls on aircraft and gas turbine engines, particularly parts and components. These rules took effect October 15 and BIS's Munitions Control Division has been processing numerous license applications to transfer these "600 series" items to allies and friends.

The April 16 rules included a number of new and revised regulatory definitions that advance the process of harmonizing the EAR and the ITAR. The new definition of "specially designed" offers increased clarity and predictability for exporters without over-controlling or under-controlling items.

The April 16 transition rule also describes how items previously controlled by the ITAR are dealt with under the EAR. The rule addresses: (1) new license periods (which for Commerce is now four years instead of two); (2) the applicability of ITAR license exemptions not previously in the EAR; (3) grandfathering periods and arrangements for current licenses; and (4) existing State Department licenses and agreements.

At the request of industry, most of the new regulations will include a 180-day delay in the effective date to allow exporters to adjust their business processes and compliance programs. Since April, Commerce and State have published final rules covering ten additional categories of the CCL and the USML. On July 8th, Commerce and State published four categories—military vehicles, vessels of war, submersible vessels, and auxiliary and miscellaneous items. These rules became effective on January 6, 2014.

On January 2, we published the next five categories to go final – energetic materials, personal protective equipment, military training equipment, launch vehicles, and nuclear items. These rules will become effective on July 1st.

Satellites

In January 2013, President Obama signed the National Defense Authorization Act for 2013, which restored his authority to determine the appropriate export controls for satellites and related items. We owe special thanks to Senator Bennet of Colorado and Congressman Smith of Washington for their efforts to make this possible.

On May 13, 2014, Commerce and State published interim final rules on satellites. The Commerce Satellite Rule creates four export control classification numbers (9A515, 9B515, 9D515 and 9E515) to control the licensing of satellites and related items transferred to the CCL. Items transferred include: (1) certain commercial communication satellites and lower performing remote sensing satellites; (2) ground control systems and training simulators "specially designed" for telemetry, tracking and control of spacecraft controlled in 9A515; (3) radiation hardened microelectronics formerly controlled in Category XV of the ITAR; and (4) parts and components of satellite bus and payloads not listed on the USML.

Under the Commerce rule, the presence of an ITAR payload on a CCL satellite or spacecraft will not make the entire satellite an ITAR item unless that ITAR payload provides military or intelligence capability controlled under Category XV of the ITAR.

The Satellite Rules achieve two ECR objectives with respect to radiation hardened integrated circuits (RHCs): (1) eliminating numerous and time consuming commodity jurisdiction exercises to determine which agency licenses microcircuits used in satellites; and (2) finding an alternative to the existing ITAR control structure for RHCs. These circuits were formerly controlled in Category XV of the ITAR, but now are controlled in new Commerce categories 9A515.d or .e. This is significant because it avoids bringing mass-market civilian chips under ITAR control – a development that could bring major disruption to the commercial market. Based on comments received, the Bureau agreed to accelerate implementation of the transition of RHCs from the USML. We set the date of implementation for the RHCs at 45 days (June 27) because manufacturers fear that the next generation of purely commercial circuits may meet or exceed certain parameters in Category XV of the USML. The effective date of implementation for the rest of the rule is 180 days after the date of publication in the Federal Register (Nov. 10).

The creation of the new 9x515 ECCNs will provide a number of benefits, including:

- access to worldwide markets except for countries subject to an arms embargo or terrorist controls;
- availability of 25% *de minimis* treatment to non-embargoed destinations;
- eligibility for License Exception STA, except for certain software, technology, and hardware; and
- no registration or licensing fees.

License Exception STA—for Strategic Trade Authorization—permits exports of eligible items to 36 allied and friendly countries without a license.

There is broad eligibility of satellite items for STA, with the exception of one activity in 9A515 and several items in 9D515 and 9E515 that control software and technology for failure analysis and anomaly resolution. Because the 9x515 ECCN items are commercial in nature, they are not for ultimate end use by a government as is the case with the "600 series" items. Accordingly, they are subject to the STA compliance procedures for commercial items rather than the expanded requirements for the "600 series" military items – notably, they need not be for government end use.

The Departments of Commerce and State have published these rules in interim final form because we recognize that additional analysis and industry input is warranted to establish the control threshold for various items, particularly aperture size for civil and commercial remote sensing satellites and civil vehicles involving the human space flight experience.

These rules enhance national security and will help you to increase sales, but there are no free lunches. We are serious about compliance and enforcement.

Export control reform, including the satellite rules, strengthens our national security. It also helps you—our manufacturing and exporting community—by making it easier to market to our closest friends and allies, and by easing your licensing burdens. It does *not* reduce your compliance responsibilities. If anything, ECR *increases* them.

Let me explain. A more nuanced system means a more complex system, and the "price" of removing some license requirements is greater reliance upon exporters to see to compliance. Moreover, we at BIS are few in number, so we must rely on industry as the front line in educating all tiers of the supplier base. Thus, ECR will help your business but you almost certainly will need to dedicate additional resources to the important task of compliance. The success of export controls in general, and this effort in particular, depends on the effort and resources *you* devote to compliance and enforcement.

BIS will work with you and provide training materials, conduct webinars, and undertake related activities, including the possibility of conducting joint outreach to your foreign purchasers.

However, your superior knowledge of market, customers, and technologies makes it imperative that *you* play an important role in educating the supplier base.

U.S. Space Industry "Deep Dive"

In addition to ECR, one of BIS's key security objectives is maintaining the strength of the U.S. defense industrial base.

BIS's Office of Technology Evaluation (OTE) recently completed an assessment of the intricate supply chain network supporting the development and manufacturing of products and services in the defense, intelligence, civil, and commercial space sectors.

We received nearly 3800 responses, including approximately 62% from small businesses. Based on the proposed version of the regulations, OTE identified approximately 155 product/service areas in the survey that may have items moving to the CCL under ECR.

Approximately half (1941) the respondents have business in one of the 155 product/service areas. Significantly, a large number of the respondents, including many small businesses, do not currently utilize the U.S. export control system for space-related products/services. The results of the survey suggest that it is in your interest to have an educated and responsible supplier base to avoid problems that could diminish the benefits of ECR.

You can download this report at www.bis.doc.gov/dib

Other ECR Activities

Last July, in response to the many excellent comments the public provided, we published a second proposed version of Category XI (military electronics). The electronics rule is a good example of how much we value your comments and how this dialogue with industry improves the focus and quality of our controls. The electronics rules are now in the congressional notification process and we expect to publish them this summer.

The publication of the first five sets of final rules and the proposed rules on electronics represent important milestones for ECR. We have made significant progress but much work remains to be done.

The Departments of Commerce, State and Defense are reviewing two of the more difficult categories – Category XII, which will include global positioning, sensors and night vision items, and Category XIV, which includes biological toxins and related items.

We have an ambitious plan over the next year to continue with our proposed rules, congressional notifications, and final rules. We still need to publish the few remaining categories in proposed form, work through public comments, notify Congress of each category change, and make the changes in the revised USML and 600-series ECCNs together with other necessary edits to the ITAR and EAR.

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Compliance and Enforcement

The enhancement of export compliance and enforcement capabilities of BIS is a critical part of ECR. BIS's Office of Export Enforcement has evolved into a sophisticated law enforcement agency, with criminal investigators and enforcement analysts collaborating with our licensing officers to identify and redress violations.

BIS's enhancement of compliance and enforcement includes the Information Triage Unit (ITU), the Export Enforcement Coordination Center (E2C2), and expanded interagency cooperation on end use checks.

The ITU compiles, coordinates, and reports intelligence and other information on foreign parties, thus providing additional information to facilitate the review of license applications. The enforcement coordination center facilitates interagency dialogue and the sharing of relevant information to increase interagency export enforcement coordination.

BIS and State are strengthening the end use check program by coordinating checks where USML and CCL items are co-located. Combining our efforts allows the two organizations to expand the total number of end use checks while minimizing burdens on your foreign customers from multiple checks.

BIS is employing a layered approach to verifying compliance with License Exception STA. We are reviewing data reported in AES to track STA shipments and identify users of STA. Exporters and consignees must provide, upon request, copies of their export activity pertaining to STA. To date, compliance with the provisions of STA is approaching 90 percent.

It is worth noting—as I have in the past—that in our enforcement, we are trying to make a distinction between "oops" and "the heck with you." That is, we are focusing on truly bad actors, not those who have a decent compliance program, make a mistake, and work with us to remedy the situation.

The Transition Process

BIS recognizes that the transition from the USML to the CCL requires considerable work in the short term as you, the exporting community, modify your internal business processes and compliance programs.

We're implementing a number of activities and tools to assist you, and have deployed on the BIS website two interactive tools to assist exporters in understanding and complying with the new rules: the Commerce Control List Order of Review Decision Tool and the "Specially Designed" Decision Tool.

The "Specially Designed" tool helps you determine whether an item is "specially designed" through a series of "yes" or "no" questions. The "CCL Order of Review" provides the exporter with support in determining whether an item is classified as a "600 series" military ECCN, a non-"600 series" ECCN, or EAR99. Further, the on-line STA interactive tool is being updated to assist companies in determining whether they are eligible for and compliant with STA for "600 series" items.

Since joining BIS, I have stressed the need for outreach, particularly to small and medium-sized companies. This is important because we owe a level playing field to those who comply. It's unfair, to say the least, for Company A to mount a full-scale, effective compliance program while Company B, its competitor down the street, is blissfully ignorant of the rules and busy making sales that place our national security at risk.

We have and will continue to develop partnerships with non-profit educational groups representing defense exporters. Notwithstanding fiscal austerity, BIS conducted more than 200 ECR-related activities during FY 2013, including weekly teleconferences conducted by Assistant Secretary Kevin Wolf that offer a venue for questions on how the new system works. We have conducted a number of ECR webinars that have been recorded and made available without charge on the BIS website.

Next Steps

Much of our focus thus far has been on the USML, but we plan to pay a good deal of attention to the CCL and EAR over the next year or two. We published the final CCL "clean-up" rule, which makes the CCL more user-friendly for exporters, on October 4 of last year.

A substantive review of the CCL, beginning with the strategic rationale for specific controls, has not been attempted since 1991. This is a major task – one that will require work with multilateral export control regimes that are capable of handling only a limited number of changes each year. Similarly, the EAR have not undergone a comprehensive review since 1996 and are in need of updating, clarification, and streamlining.

Moving beyond the CCL and the EAR reviews, we would like to revise and simplify encryption controls, which were last revised in 2010.

We recently published a proposed rule seeking comments on proposed changes to support documents required to be submitted for license applications under the EAR and changes in the Bureau's role in issuing documents for the Import Certificate and Verification system. Comments are due June 9. Please let us hear from you. We also are preparing to seek public comment on how to revise and update our recordkeeping requirements.

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Impact of ECR on the Trade Community

One way to view the impact of ECR on your activities is to consider the countries of the world as falling into three groups.

First, if you export defense parts and components or satellite items to U.S. allies and friends, the movement of items from the USML to the CCL will allow you to ship these items via license exception or the more flexible licensing mechanisms of the CCL. This will increase the efficiency, timeliness and security of the supply chain for your sales of such parts and components to the "STA 36" countries.

Second, if you expected that ECR would allow the sale of satellite items and former defense articles to countries at the other end of the spectrum—those subject to arms embargoes or controlled for anti-terrorist reasons—you will be disappointed. That is not the purpose of ECR.

Third, for trade with the rest of the world, licenses will generally be required but you will obtain the benefits and efficiencies associated with the Commerce licensing regime. Moving beyond the one-size-fits-all controls of the ITAR, you will be able to use the EAR for *de minimis* amounts of U.S. content incorporated into foreign produced end items without subjecting those items to U.S. export or reexport controls—that is, for sales to countries that are not subject to an arms embargo.

This should help you avoid having your satellite and defense-related items "designed out" of foreign products. It also helps safeguard the vitality of the U.S. defense industrial base. EAR licensing jurisdiction means no registration and licensing fees, manufacturing licensing agreements, technical assistance agreements, or temporary import authorizations.

Conclusion

The dialogue between the U.S. Government and industry is essential to our success in developing sound public policy that enhances U.S. national security. Thank you again for your interest and your support.

Upcoming Training

AES Compliance Seminars

Jun 4-5, 2014 Chicago Area, IL

Jun 17-18, 2014 Philadelphia, PA

<http://www.census.gov/foreign-trade/aes/meetingsandpresentations/>

RAF C-130J Simulators now Ready-for-Training with new CAE Medallion-6000 Visual System

Today at the International Training and Education Conference (ITEC), Europe's largest show for simulation and training, CAE announced that the Royal Air Force's two C-130J Dynamic Mission Simulators located at RAF Brize Norton are ready-for-training following a major visual system upgrade.

The visual system upgrade, which included the addition of the latest generation CAE Medallion™ 6000 image generator and Liquid Crystal on Silicon (LCoS) high-resolution projectors, was completed to a challenging schedule for the Royal Air Force. CAE is also delivering a suite of databases built to the Common Database (CDB) standard, which is an open database architecture that is rapidly updateable and enables correlated distributed mission training.

In addition, CAE has installed a new flat panel display system on the RAF's C-130J Flight Training Device (FTD). The C-130J FTD, which previously did not include a visual system, now features the CAE Medallion-6000 image generator on a 30-degree vertical by 170-degree horizontal field-of-view flat panel display system.

"The impressive extent of the new worldwide terrain and airfield databases combined with the latest generation visuals will provide the Royal Air Force with world-class training at a level of fidelity unparalleled in military synthetic training equipment," said Wg Cdr Dorian 'Doz' James, Officer Commanding, XXIV Squadron, Royal Air Force. "Our C-130J Hercules aircrews are already talking of how the new visual systems make them feel far more immersed in the scenarios, which is allowing us to explore ways to expand the training we do with a view to increasing the use of simulation throughout our training curriculum."

The CAE Medallion-6000 image generator combines a proven, industry-leading feature set and image quality with the power and capabilities of the latest commercial-off-the-shelf graphics processors. The CAE Medallion-6000 image generator is in operation on many programs, including the RAF Hawk 128 and Royal Navy Lynx Mk8 full-mission simulators, and provides training benefits such as:

- Extremely detailed virtual environments and realistic night scenes;
- Smooth dynamic shadows correlated to sun/moon positions;
- High resolution imagery and textures for enhanced fidelity;
- Highest scene density on the market;
- High-end sensor simulation capabilities.

"The UK Ministry of Defence has adopted the CAE Medallion-6000 image generator and Common Database architecture on a range of flight simulators, and we are pleased the C-130J training devices at Brize Norton are now equipped with our state-of-the-art visual solution," said Ian Bell, CAE's Vice President and Business Leader - Europe. "This will further advance the UK MoD's ability to leverage the commonality and interoperability delivered through our open, industry-standard solutions."



Read more: http://www.asdnews.com/news-55054/RAF_C-130J_simulators_now_ready-for-training_with_new_CAE_Medallion-6000_visual_system.htm#ixzz32HFddYXc

U.S. Department of State Publishes Changes to Regulations That Control Exports of Satellites and Related Items

The U.S. Department of State published regulations today that will fundamentally change the nature of U.S. export controls on satellites and related parts and components. These changes to Category XV (Spacecraft and Satellites) of the U.S. Munitions List (USML) allow most commercial, scientific, and civil satellites and their parts and components to move to the Department of Commerce's Commerce Control List (CCL). These changes are part of the President's Export Control Reform Initiative, and will increase the competitiveness of cutting-edge, well-paying U.S. manufacturing and technology sectors by better aligning our export controls with national security priorities.

This revision removes from the USML:

- a) Communication satellites that do not contain classified components;
- b) Remote sensing satellites with certain performance parameters;
- c) Any spacecraft parts, components, accessories, attachments, equipment, or systems that are not specifically identified in the revised category; and
- d) Most radiation-hardened microelectronic microcircuits.

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Furthermore, the rule allows satellites controlled by the CCL that incorporate certain parts and components controlled by the USML to remain CCL-controlled, if certain conditions are met. It also removes from the USML certain spacecraft, while supporting the U.S. National Space Policy by creating conditions that allow the U.S. Government to more easily host payloads on commercial satellites.

The changes to the controls on radiation-hardened microelectronic microcircuits take effect 45 days after publication of the rule, while the remainder of the changes takes effect 180 days after publication.

Information on the Export Control Reform Initiative can be found at <http://export.gov/ecr/>. For additional information, please contact the Bureau of Political-Military Affairs' Office of Congressional and Public Affairs at PM-CPA@state.gov.

Hartsfield-Jackson Atlanta International Airport, CBP Launch new Automated Passport Control Kiosks

Getting home from an international trip has become easier and quicker for some travelers at Hartsfield-Jackson Atlanta International Airport (ATL) after ATL officials and U.S. Customs and Border Protection (CBP) recently unveiled 74 BorderXpress by YVR Automated Passport Control (APC) kiosks in the federal inspection stations in Concourses E and F.

APC is a self-service kiosk that allows travelers or family groups to submit their Customs Declaration and biographic information electronically and reduce the time they spend with a CBP officer. This has resulted in an average of 20-40% decrease in wait times at airports that employ APC kiosks, according to CBP.

Currently, American, Canadian and international travelers with Electronic System for Travel Authorization approval will be allowed to use the new system. The APC does not require pre-approval to participate and is free to use.

"We are excited to launch the Automated Passport Control system and are confident that travelers will be pleased with the faster processing speed through Customs," said Miguel Southwell, aviation general manager. "This new initiative is a critical element in improving overall customer service at the airport and I'm thankful for the strong partnership we have with the Department of Homeland Security and the U.S. Customs and Border Protection Agency."

"U.S. Customs and Border Protection places a significant value on our public-private partnerships and we continue to collaborate on innovations to improve the international arrivals process.

The Automated Passport Control kiosks are a prime example of CBP's private sector partners taking a leadership role in purchasing and deploying a solution that is mutually beneficial for CBP, airline carriers, airport authorities, and international air travelers," said Stephen Kremer, CBP's port director for the Port of Atlanta.

The APC program was launched in May 2013 at the CBP preclearance facility at Vancouver International Airport; Vancouver Airport Authority (YVR) pioneered BorderXpress. Since the launch, the program has expanded to Atlanta, Chicago O'Hare, Chicago Midway, Miami, John F. Kennedy, Dallas Fort Worth, Montreal, Toronto, Fort Lauderdale, Charlotte, Houston, Seattle and Orlando international airports.

"We're proud to pioneer innovative solutions that help airports throughout North America enhance the travel experience -- including Hartsfield-Jackson Atlanta International Airport, the busiest airport in the world," said Craig Richmond, President & CEO of Vancouver Airport Authority. "With our product now implemented in ten airport terminals across the country, BorderXpress -- an Automated Passport Control System -- shows how collaboration with partners like U.S. Customs and Border Protection modernizes travel and reduces passenger wait times."

Eligible travelers proceed directly to a self-service APC kiosk in the passport control area. Passengers are prompted to scan their passport, use the kiosk's camera to take a photograph, answer simple biographic and flight information questions, and complete the standard Customs Declaration questions using the kiosk's touch-screen. Passengers using APC no longer need to complete a paper Customs Declaration form. The kiosk provides passengers with a receipt that they then provide, along with their passport, to a CBP officer to finalize their inspection for entry into the U.S.

CBP processed more than 4.6 million international arrivals at ATL during fiscal year 2013.

APCs are part of a comprehensive strategy to optimize CBP's current resources, the agency says. CBP continues to explore automation, innovation, sustainable initiatives and trusted traveler programs to streamline the traveler inspection process.

Moth Never Seen in U.S. Before Found in Baltimore

Species, located in port shipment from China, considered destructive to agriculture

By Kevin Rector, The Baltimore Sun

An agriculturally destructive moth species never before seen in the United States was found in a shipment of Chinese soybeans at the **port of Baltimore, U.S. Customs and Border Protection** officials said Friday.

The insect species, *Nemapogon gersimovi*, could "pose a significant agriculture threat because they are known to feed on seeds and grains, reducing a farmer's yield," the agency said.

The 50,000-pound shipment of bulk organic soybeans, intended as animal feed, was not allowed into the country and was exported. Entomologists at the **U.S. Department of Agriculture** on Thursday confirmed the species of the moth, which was found May 2.

"Keeping this pest out of the nation saves the American agricultural industry from the expense of eradication and the hardship of finding their crops damaged by a new danger," said Andrii Melnyk, acting customs and border protection director at the port, in a statement. "By stopping destructive species at the border, before they can enter the United States for the first time, CBP officers and agriculture specialists protect this vital American industry."

The agency seizes nearly 4,400 prohibited meat, plant and animal products and about 440 pests across the country each day, it said.

The discovery this month was not the first time a foreign pest was found in the Baltimore area.

In March, a slug never before seen in the Washington region and also considered a threat to agriculture was found in a shipment of Mexican mint at Dulles International Airport.

In September, eggs of a destructive foreign moth species, the Asian gypsy moth, were found aboard a ship docked in Baltimore. The ship had made calls in Japan.



British Engineers Test new Configuration of Fighter Jets in High Speed Wind Tunnel



A geometrically perfect 1/12th scale model of a Typhoon fighter jet, equipped with conformal fuel tanks, is undergoing high-speed wind tunnel testing at our facility in Warton, Lancashire.

Our engineers, are using high speed wind tunnels to assess the aerodynamic characteristics of Typhoon Tranche 3 aircraft when equipped with two fuselage-mounted conformal fuel tanks. The Tranche 3 is the third and latest version of the jet.

The testing uses a geometrically perfect 1/12th scale model of the aircraft, made from light alloy and hardwood, with the new fuel tanks created to scale using 3D printing – or Additive Layer Manufacturing (ALM) – techniques.

Conformal fuel tanks could increase the future operational range and flexibility of the Typhoon aircraft due to increased fuel capacity.

Read more: http://www.asdnews.com/news-54924/British_Engineers_test_new_configuration_of_fighter_jets_in_high_speed_wind_tunnel.htm?utm_source=ASDNews&utm_medium=email&utm_campaign=Channel_15_20_05#ixzz32HEX9ML5

U.S. to Charge China with Cyberspying

Attorney General Eric H. Holder Jr. is expected to announce Monday the first criminal charges to be brought against a foreign government for conducting economic cyber-espionage against American companies, U.S. officials said. The country being targeted is China, according to people familiar with the case.

Read more at: http://www.washingtonpost.com/world/national-security/us-to-announce-first-criminal-charges-against-foreign-country-for-cyberspying/2014/05/19/586c9992-df45-11e3-810f-764fe508b82d_story.html

U.S. Secretary of Commerce Penny Pritzker Announces Next Phase of the National Export Initiative

Today, U.S. Secretary of Commerce Penny Pritzker announced NEI/NEXT – a data-based, customer service-driven initiative to ensure that more American businesses can fully capitalize on markets that are opening up around the world. Through five core objectives, NEI/NEXT will build on Administration-wide achievements under the National Export Initiative (NEI), to help all businesses reach the 95 percent of consumers who live outside the United States.

Under the NEI, the United States has had four straight record-breaking years of exports – hitting an all-time high of \$2.3 trillion dollars last year – up \$700 billion from 2009. The NEI has been instrumental in strengthening high-level commercial advocacy on behalf of U.S. companies, increasing small business participation in trade events, partnering with regions to develop export plans, expanding strategic partnerships to promote exports, implementing our trade agreements, enforcing U.S. trade rights, and driving the most ambitious trade agenda in a generation.

President Barack Obama issued the following statement today about NEI/NEXT:

“Today my Administration is renewing its commitment to creating American jobs by launching the next phase of the National Export Initiative. Our focus on exports has helped more American small and medium-sized businesses and farmers create jobs by selling their products abroad. Today, more American jobs are supported by exports than at any point in the last 20 years.

“But I believe we can still do more to help American businesses reach the 95 percent of consumers who live outside our borders. The initiative we’re announcing today will make it easier for our companies to find export opportunities, gain access to financing, and reach markets outside the United States. As our economy keeps improving, we will continue working to make sure our businesses can compete on a level playing field, create more good jobs here at home, and sell more Made in America products around the world.”

“The National Export Initiative has been a remarkable success,” said U.S. Secretary of Commerce Penny Pritzker. “NEI/NEXT is the next phase of this program and will help connect more of the 95% of consumers that live outside our borders. More and more American companies are seeing the value of selling their goods and services all over the world, but there are still many businesses that focus solely on the domestic market. They are missing out on potential opportunities for growth, and that is why we need NEI/NEXT to help spur every opportunity for these businesses to export.”

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In a [new economic report](#) released today by the Department of Commerce, data shows that nearly one-third of the country’s economic growth since mid-2009 has been driven by exports. Nearly 30,000 businesses have started exporting for the first time. And most importantly, since 2009, the number of jobs supported by exports has grown by 1.6 million to more than 11.3 million – the highest in 20 years.

Yet still, too many American firms remain focused on domestic markets. Less than 5 percent of U.S. companies export, and more than half of those exporters sell to only one market. To help bridge that gap, and look for new opportunities to help U.S. businesses export, the Department of Commerce, along with 20 federal agency partners last year began to take a fresh look at the NEI and develop strategies that would help make trade a central part of America’s economic DNA. The end product of that interagency review resulted in five key strategies to help more U.S. companies reach more markets. The five objectives of NEI/NEXT include:

- Connecting more U.S. businesses to their NEXT global customer with tailored industry-specific information and assistance.
- Making the NEXT international shipment easier and less expensive, through efforts to streamline U.S. government export-related services, reporting requirements and processes, and speeding American goods to more markets through domestic infrastructure improvements.
- Expanding access to finance for U.S. businesses’ NEXT export transaction, helping more exporters obtain financing to meet international demand, and ensuring more companies know what products and services are available to reduce risk and export to new markets with confidence.
- Promoting exports and foreign direct investment attraction as the NEXT economic development priority in communities and regions across the country by enhancing partnerships with local and state leaders and by coordinating with SelectUSA, the U.S. government-wide program housed within the Department of Commerce to facilitate foreign direct investment.
- Creating, fostering and ensuring U.S. business’ NEXT global opportunity by helping developed and developing economies improve their business environments, by opening new markets, and by establishing conditions and addressing barriers to allow more American exporters to compete and win abroad.
- Underlying this entire strategy will be an effort to support the creation of improved data to help companies make decisions, to help communities integrate exports into their economic development plans, and to help us – as a government – gather feedback and

Commerce Finds Dumping of Imports of Welded Stainless Pressure Pipe from Malaysia, Thailand, and the Socialist Republic of Vietnam

- On May 23, 2014, the Department of Commerce (Commerce) announced its affirmative final determinations in the antidumping duty (AD) investigations of imports of welded stainless pressure pipe from Malaysia, Thailand, and the Socialist Republic of Vietnam (Vietnam).
- The AD law provides U.S. businesses and workers with a transparent and internationally approved mechanism to seek relief from the market-distorting effects caused by injurious dumping of imports into the United States, establishing an opportunity to compete on a level playing field.
- For the purpose of AD investigations, dumping occurs when a foreign company sells a product in the United States at less than its fair value.
- Commerce determined that welded stainless pressure pipe from Malaysia, Thailand, and Vietnam has been sold in the United States at dumping margins ranging from 22.70 percent to 167.11 percent, 23.89 percent to 24.01 percent, and 16.25 percent, respectively.
- In the Malaysia investigation, mandatory respondents Kanzen Tetsu Sdn. Bhd. (Kanzen) and Pantech Stainless & Alloy Industries Sdn. Bhd. (Pantech) failed to answer Commerce's questionnaire. Mandatory respondent Superinox Pipe Industry Sdn. Bhd./Superinox International Sdn. Bhd. (Superinox) responded to Commerce's questionnaire, but subsequently informed Commerce that it would no longer be participating in the investigation. As a result, each company has been assigned a final dumping margin based on adverse facts available of 167.11 percent. All other producers/exporters in Malaysia received a final dumping margin of 22.70 percent.
- Also in the Malaysia investigation, Commerce made a final determination that critical circumstances exist for Kanzen, Pantech, and Superinox. However, Commerce made a final determination that critical circumstances do not exist with respect to all other Malaysian companies. Petitioners did not allege critical circumstances with respect to Thailand or Vietnam.
- In the Thailand investigation, Commerce assigned final dumping margins of 24.01 percent based on adverse facts available to mandatory respondents Ametai Co., Ltd./Thareus Co., Ltd. (Ametai/Thareus) and Thai-German Products Co., Ltd. (TGP) because Ametai/Thareus withdrew from the investigation and TGP failed to report the vast majority of its sales. All other producers/exporters in Thailand received a final dumping margin of 23.89 percent.
- In the Vietnam investigation, mandatory respondent Sonha International Corporation (Sonha) received a final dumping margin of 16.25 percent, which was assigned to the separate rate respondent and the Vietnam-wide entity.
- As a result of the final affirmative determinations, Commerce will instruct U.S. Customs and Border Protection to collect cash deposits equal to the applicable weighted-average dumping margins.
- The petitioners for these investigations are Bristol Metals LLC (TN), Felker Brothers Corp. (WI), and Outokumpu Stainless Pipe, Inc. (IL).
- The product covered by the scope of these investigations is circular welded austenitic stainless pressure pipe not greater than 14 inches in outside diameter. For purposes of this scope, references to size are in nominal inches and include all products within tolerances allowed by pipe specifications. This merchandise includes, but is not limited to, the American Society for Testing and Materials (ASTM) A-312 or ASTM A-778 specifications, or comparable domestic or foreign specifications. ASTM A-358 products are only included when they are produced to meet ASTM A-312 or ASTM A-778 specifications, or comparable domestic or foreign specifications. Excluded from the scope are: (1) welded stainless mechanical tubing, meeting ASTM A-554 or comparable domestic or foreign specifications; (2) boiler, heat exchanger, superheater, refining furnace, feedwater heater, and condenser tubing, meeting ASTM A-249, ASTM A-688 or comparable domestic or foreign specifications; and (3) specialized tubing, meeting ASTM A-269, ASTM A-270 or comparable domestic or foreign specifications. The subject imports are normally classified in subheadings 7306.40.5005, 7306.40.5040, 7306.40.5062, 7306.40.5064, and 7306.40.5085 of the Harmonized Tariff Schedule of the United States (HTSUS). They may also enter under HTSUS subheadings 7306.40.1010, 7306.40.1015, 7306.40.5042, 7306.40.5044, 7306.40.5080, and 7306.40.5090. The HTSUS subheadings are provided for convenience and customs purposes only; the written description of the scope of these investigations is dispositive.

June 12-13, 2014, Complying with U.S. Export Controls

- In 2013, imports of welded stainless pressure pipe from Malaysia, Thailand, and Vietnam were valued at an estimated \$11.9 million, \$16.9 million, and \$10.3 million, respectively.
- The ITC is scheduled to make its final injury determinations on July 6, 2014.
- If the ITC makes affirmative final determinations that imports of welded stainless pressure pipe from Malaysia, Thailand, and Vietnam materially injure, or threaten material injury to, the domestic industry, Commerce will issue AD orders. If the ITC makes negative determinations of injury, the investigations will be terminated.



Stainless Steel Pressure Pipe from Malaysia, Thailand and Vietnam.

This two-day program is led by BIS's professional counseling staff and provides an in-depth examination of the Export Administration Regulations (EAR). The program will cover the information exporters need to know to comply with U.S. export control requirements on commercial goods. We will focus on what items and activities are subject to the EAR; steps to take to determine the export licensing requirements for your item; how to determine your export control classification number (ECCN); when you can export or reexport without applying for a license; export clearance procedures and record keeping requirements; Export Management Compliance Program (EMCP) concepts; and real life examples in applying this information. Presenters will conduct a number of "hands-on" exercises that will prepare you to apply the regulations to your own company's export activities. This program is well suited for those who need a comprehensive understanding of their obligations under the EAR.

Continuing legal education credit (MCLE) is available, and varies with the length of each seminar, for California State Bar members.

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~Nelson Mandela~

