



# *EIB World Trade Headlines*

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## **IAF Unveils Massive 'Super-Drone'**

The air force unveiled a new drone as wide as a Boeing 737 on Sunday, at the Tel Nof air base near Rehovot, marking a new stage in Israel's long-range operational and intelligence capabilities.

The Israel Aerospace Industries-made Heron TP (dubbed "Eitan" by the air force) is one of the largest unmanned aerial vehicles in the world. It can fly at medium-to-high altitudes for more than 20 hours, while carrying a variety of payloads and advanced equipment weighing hundreds of kilograms for thousands of kilometers. Individual drones are already in service; the Heron TP was used over Gaza during Operation Cast Lead last winter.

The air force expects a squadron of Heron TPs to be formed this year. Despite its mammoth proportions, its engine is quiet, so it can be used in covert operations. "The air force has marked another important milestone in the development of UAVs," OC Air Force Maj.-Gen. Ido Nehushtan said on Sunday, at the Tel Nof base.

Israeli-made drones have come a long way over the past 30 years, "from the humble beginnings of small UAVs with operational outputs during the First Lebanon War, to the varied array of hi-tech and multi-operational UAVs that accompany almost operational aspect of the air force," Nehushtan said.

Israel Aerospace Industries described the Heron TP as an all-weather multi-mission platform that can take off and land automatically.

The UAV comes equipped for satellite communications over an extended range.

## **NEWSLETTER NOTES**

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- \* GAO Posts Report - 100% Scanning, Security Progress
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- \* Missouri-Based Freight Forwarder Settles Charges of Aiding and Abetting Unlicensed Exports to a Listed Entity in Pakistan
- \* ATTENTION DLA SUPPLIER – Important Information Regarding Radio Frequency Identification (RFID)

## GAO Posts Report to DHS on 100% Scanning, Security Progress

The Government Accountability Office (GAO) issued a report and testimony on the Department of Homeland Security's (DHSs) progress and remaining work to implement the Homeland Security Mission ten years after the terrorist attacks of September 11, 2001. GAO reports that:

1. DHS still has no plan for full implementation of the 100% scanning mandate of U.S.-bound maritime containers;
2. DHS lacks a mechanism to verify the accuracy of domestic and inbound air cargo screening data; and
3. DHS needs to strengthen its oversight of northern border interagency forums.

Highlights of the areas which need to be improvement have been posted these areas include:

- Aviation Security: No Mechanism to Verify Air Cargo Being Screened as Reported
- Maritime Security: No Plan for Full Implementation of 100% Scanning
- Border Security: Need to Strengthen Oversight of N. Border Interagency Forums
- Critical Infrastructure Protection: Need to Address Risk in Planning Efforts

GAO report, GAO-11-881 (September 2011)  
<http://www.gao.gov/new.items/d11919t.pdf>

## CBP Issues Message on FDA Letter Concerning Entry Review of Radiation- Emitting Electronic Products

U.S. Customs and Border Protection (CBP) issued a CSMS message announcing that the Food and Drug Administration (FDA) has issued a follow up letter to industry regarding its attempts to facilitate the import entry review process for medical and non-medical radiation emitting electronic products. These recommendations will directly impact a company's ability to import medical and non-medical radiation emitting electronic products, electronic product components, parts and finished product into the U.S.

In March 2011, FDA issued a letter to the medical device industry regarding its concern about the number of imported medical devices that do not have sufficient entry information to allow FDA to make prompt admissibility decisions. In that letter, FDA stated that it is attempting to help expedite the admissibility process for submissions that contain the correct affirmations of compliance (AofC) and other requested data. According to FDA when the AOC is appropriately submitted, this practice will increase the likelihood that a shipment may be processed based on import system screening and not held for further FDA entry review.

FDA's follow-up letter (dated 09/06/11)  
<http://www.fda.gov/MedicalDevices/ResourcesforYou/Industry/ucm271180.htm>

CBP notice: CSMS message # 11-000211:  
[http://apps.cbp.gov/csms/viewmssg.asp?Recid=18457&page=&srch\\_argv=11-000211&srctype=all&btype=&sortby=&sbv](http://apps.cbp.gov/csms/viewmssg.asp?Recid=18457&page=&srch_argv=11-000211&srctype=all&btype=&sortby=&sbv)

## FDA Posts Presentations on FSMA Import Safety Mandates

The Food and Drug Administration (FDA) posted updated presentations on the Food Safety and Modernization Act (FSMA). One presentation provides an overview of the new law, and has been updated on slide 12 depicting how the FSMA import provisions work as a whole, slide 16 on the implementation of the Executive Committee, and added slide 20 on FDA's rulemaking process. FDA FSMA presentation:

<http://www.fda.gov/downloads/Food/FoodSafety/FSMA/UCM266989.ppt>

In addition, the second presentation focuses on the FSMA's import safety provisions, and has been similarly updated on slides 13 and 17.

Second presentation:

<http://www.fda.gov/downloads/Food/FoodSafety/FSMA/UCM266990.ppt>

## USTR Issues Press Release on WTO Ruling in Favor of United States on China Tire Dispute

U.S. Trade Representative (USTR) Ron Kirk recently announced that the World Trade Organization Appellate Body found in favor of the U.S. in a dispute brought by China challenging the U.S.' imposition of additional duties on imports of certain Chinese tires (DS399). In September 2009, President Obama determined to impose additional duties on imports of certain passenger vehicle and light truck tires from China for a three-year period under Section 421 of the 1974 Trade Act. This included additional 35% ad valorem duties for the first year, 30% additional duties in the second year, and 25% in the third year. This action was the first Section 421 import relief to be implemented. Obama's decision followed a July 2009 report from the International Trade Commission stating that the subject tires are being imported into the U.S. in such increased quantities or under such conditions as to cause market disruption to the domestic producers of like or directly competitive products.

*(Continued above)*

ITC's report was in response to a petition filed by the United Steel, Paper and Forestry, Rubber, Manufacturing, Energy, Allied Industrial and Service Workers Union. China had alleged that the ITC's determination regarding market disruption and the level and duration of the additional duties were inconsistent with the Protocol of Accession and the GATT 1994. In addition, China alleged that the section 421 definition of "significant cause" was in and of itself inconsistent with the Protocol of Accession. As reported, a WTO panel rejected all of China's claims in a report circulated in December 2010. China appealed with respect to the panel's findings regarding the ITC determination. USTR notice:

<http://www.ustr.gov/about-us/press-office/press-releases/2011/september/united-states-prevails-wto-dispute-about-chinese>

## BIS Issues Final Rule Notice on Name Changes Due to Dissolution of Netherlands Antilles

The Bureau of Industry and Security (BIS) issued a final rule, effective 09/06/11, to update the Export Administration Regulations (EAR) to reflect the fact that the Netherlands Antilles dissolved on 10/10/10. In particular, the final rule:

- removes the Netherlands Antilles from all places where it is mentioned in the EAR, such as the Commerce Country Chart, the Country Groups, and License Exception APP.
- adds Curaçao and Sint Maarten (but not Bonaire, Saba, or Sint Eustatius), to the Commerce Country Chart.
- revises the name "East Timor" to read "Timor-Leste" throughout the EAR. BIS contact - Sharron Cook (202) 482 2440

BIS notice (FR Pub 09/06/11)

<http://www.gpo.gov/fdsys/pkg/FR-2011-09-06/pdf/2011-22678.pdf>

## Mexico May Remove Truck Dispute Tariffs by End of October

As reported, retaliatory tariffs on U.S. exports to Mexico could be lifted as soon as the beginning of October. These tariffs range from 5% to 25% and were initially imposed on \$2.4 billion worth of U.S. goods. Mexico suspended 50% of the tariffs as of 07/08/11 after it signed with the U.S. a memorandum of understanding (MOU) resolving a longstanding dispute over the right of Mexican long-haul trucks to operate beyond U.S. border zones. Under a phased-in pilot program, the U.S. will allow Mexico-domiciled motor carriers to operate throughout the U.S. for up to three years. U.S.-domiciled motor carriers will be granted reciprocal rights to operate in Mexico for the same period. Mexico is required to lift the remainder of its tariffs within five business days of the first Mexican trucking company receiving its U.S. operating authority under the pilot program. A Reuters article quoted the Mexican Economy Ministry as saying that "the plan is for the U.S. government to authorize the first permit in the trucking program for cross-border freight at the start of October." However, Inside US Trade noted that unless more Mexican carriers participate in the pilot it might not yield the "statistically valid sample" required by U.S. law "before DOT can grant permanent operating authority to Mexican carriers for long-haul trips."

<http://www.strtrade.com/wti/wti.asp?pub=0&story=37913&date=9%2F6%2F2011&company>

## ECHA Posts Guidance Document on Safety Data Sheets under REACH

The European Union recently issued the following trade-related releases on 09/09/11:

- The European Chemicals Agency (ECHA) has published new guidance on the compilation of Safety Data Sheets (SDS) which provides information on what is new in SDS according to REACH by comparison with previous legislation, details of requirements for SDS, and who should compile the SDS.

ECHA notice:

[http://echa.europa.eu/news/na/201109/na\\_11\\_37\\_guidance\\_sds\\_en.asp](http://echa.europa.eu/news/na/201109/na_11_37_guidance_sds_en.asp)



***Action is a great restorer and builder of confidence. Inaction is not only the result, but the cause, of fear. Perhaps the action you take will be successful; perhaps different action or adjustments will have to follow. But any action is better than no action at all.***

***Norman Vincent Peale***

## EU Posts Information on Free Zones, Temporary Import Carnets, and Port Improvements

The European Union issued the following trade-related releases on 09/08/11:

- The European Commission posted an updated version of the list of free zones. Goods placed within these free zones are free of import duties, VAT, and other import charges.  
[http://ec.europa.eu/taxation\\_customs/customs/procedural\\_aspects/imports/free\\_zones/index\\_en.htm](http://ec.europa.eu/taxation_customs/customs/procedural_aspects/imports/free_zones/index_en.htm) An updated list of coordinating offices for actions concerning ATA carnets has also been posted.  
[http://ec.europa.eu/taxation\\_customs/customs/procedural\\_aspects/imports/temporary\\_importation/index\\_en.htm](http://ec.europa.eu/taxation_customs/customs/procedural_aspects/imports/temporary_importation/index_en.htm)
- Commission Vice-President Kallas has announced his intention to bring forward in 2013 a package of proposals to help ports remain competitive and support the potential for growth in the port sector.  
<http://europa.eu/rapid/pressReleasesAction.do?reference=IP/11/1009&format=HTML&aged=0&language=EN&guiLanguage=en>

## Commerce Announces Global Food Safety Dialog on September 16, 2011

The Department of Commerce (DOC) and Waters Corporation will hold a global dialogue on the food safety issues that transcend borders on 09/16/11. The forum will bring together food safety leaders from around the world to discuss international progress on food safety. The event is open to the public, but reservations are required. The agenda includes a Chinese regulator's perspective on auditing versus inspection; industry's role in promoting best practices; and public-private partnerships.

Agenda: <http://www.cvent.com/events/global-food-safety-policy-forum/agenda-84493f062691494a8b3f77c4e2d47f96.aspx>

Event notice: <http://www.cvent.com/events/global-food-safety-policy-forum/event-summary-84493f062691494a8b3f77c4e2d47f96.aspx>

## Export.gov Recently Announces - Registration Available for Upcoming Export-Based Webinars

The following webinars are available in September - November 2011:

**09/22/11** - International Contracts: The 7 Ps

**09/28/11** - Culture Shock Prevention: Dubai Air Show and Beyond!

**09/28/11** - Now is the Time to Export to the Middle East!

**09/29/11** - Marine Technology Companies Business Opportunities in Europe

**10/05/11** - 2012 Changes to Harmonized Tariff System

**10/13/11** - World Bank- How to Identify, Track, and Pursue Global Tender Offers

**10/18/11** - India: A Booming Market for U.S. Plastics Companies

**11/07/11** - A Basic Guide to Exporting: SBA Financing Information & Useful Export Resources



## California Law on Supply Chain Transparency Requires Posting of Information by January 1, 2012

As a reminder, the California Transparency in Supply Chains Act, signed into law by former Governor Schwarzenegger in September 2010, will require large retailers and manufacturers doing business in California to disclose on their websites information on their efforts to eradicate slavery and human trafficking from their supply chains. The new disclosure requirements take effect 01/01/12. Beginning January 2012, every retail seller and manufacturer doing business in the state of California and having annual worldwide gross receipts above \$100,000,000 will have to disclose its efforts to eradicate slavery and human trafficking from its direct supply chain for tangible goods offered for sale. At a minimum, they must disclose the extent to which (if any) they do the following:

- Verification of product supply chains to evaluate and address risks of human trafficking and slavery.
- Conduct audits of suppliers to evaluate supplier compliance with company standards for trafficking and slavery in supply chains.
- Supplier must certify that materials incorporated into the product comply with the laws regarding slavery and human trafficking of the country or countries in which they are doing business.
- Maintain internal accountability standards and procedures for employees or contractors failing to meet company standards regarding slavery and trafficking.
- Provide company employees and management, who have direct responsibility for supply chain management, training on human trafficking and slavery, particularly with respect to mitigating risks within the supply chains of products.

*(Continued above)*

The disclosure must be posted on the retail seller or manufacturer's Internet Web site with a conspicuous and easily understood link to the required information placed on the business' homepage. In the event the retail seller or manufacturer does not have an Internet Web site, consumers must be provided the written disclosure within 30 days of receiving a written request.

Bill available at [http://info.sen.ca.gov/pub/09-10/bill/sen/sb\\_0651-0700/sb\\_657\\_bill\\_20100930\\_chaptered.html](http://info.sen.ca.gov/pub/09-10/bill/sen/sb_0651-0700/sb_657_bill_20100930_chaptered.html)

### Origin Marking

Your company sells two products in the U.S. One product is manufactured entirely in the Czech Republic and imported into the U.S. No assembly or modification is made to the product before your company sells it to your U.S. customer. The second product is assembled in the U.S. of parts manufactured entirely in the Czech Republic. You know that U.S. Customs and Border Protection (Customs) require that products be labeled with a country of origin marking. You may also be aware of Federal Trade Commission (FTC) rules regarding the use of the "Made in the USA" label, but you are not sure which rules apply or how they apply to your products. In order to properly mark your products, you must be familiar with the differences in jurisdiction between Customs and the FTC.

The FTC has jurisdiction to enforce U.S. consumer protection laws prohibiting unfair or deceptive acts or practices. The agency's Bureau of Consumer Protection is responsible for carrying out the work of protecting consumers against unfair or deceptive practices in the marketplace. An unfair or deceptive act includes false or misleading claims that a product is of U.S. origin. Under the FTC's Enforcement Policy Statement on U.S. origin claims, with respect to "Made in the USA" or other U.S. origin claims, unqualified U.S. origin claims should be substantiated by evidence that the product is "all or virtually all" made in the United States. Automobile Labeling Act.

*(Continued below)*

Customs is responsible for enforcing the foreign country of origin marking requirements. Under Section 304 of the Tariff Act of 1930, every article of foreign origin (or its container) imported into the United States must be legibly marked in a conspicuous place in such a manner as to indicate to an ultimate purchaser in the United States the English name of the country of origin of the article, at the time of import, unless an exception from marking applies.

The key distinction is that the FTC has jurisdiction over claims of U.S. origin, while Customs has jurisdiction over foreign origin claims. However, the FTC's Enforcement Policy Statement clarifies that the FTC also has jurisdiction over certain foreign origin claims in which Customs does not exercise authority. This jurisdiction includes foreign origin claims in advertising or promotion of a product as well as foreign-origin claims in packaging that go beyond the disclosures required by Customs, such as claims that represent where additional processing or finishing of a product occurred. Furthermore, in those instances where, under the Customs regulations, a product does not require a country of origin marking at the time of import into the U.S. (such as in the case where a product undergoes a substantial transformation in the U.S.), only the FTC will have jurisdiction over whether or not the product may be advertised as "Made in the USA."

Importers must exercise caution in this area. Some markings may be appropriate under FTC rules, but not under the Customs rules.

In our examples above, the first product is manufactured entirely in the Czech Republic with no additional modification or assembly following import into the U.S. Under the Customs regulations, the Czech Republic is considered the country of origin and Customs has jurisdiction over the foreign origin marking of the product. An appropriate marking for the product is "Made in Czech Republic" or "Czech Republic." If the product were subsequently falsely advertised or promoted in the U.S., the FTC would have jurisdiction over the matter.

In the case of the second product (a finished unit assembled in the U.S. of components manufactured entirely in the Czech Republic) is this an issue of U.S. or foreign origin? The answer is both. Depending on the size of the components and other considerations, they may or may not be required under the Customs regulations to have a foreign country of origin marking. In determining whether the finished unit is all or virtually all made in the United States, the FTC will consider the amount of foreign content and the amount of the total manufacturing costs that are attributable to U.S. parts and processing.

It is important to understand U.S. and foreign origin marking requirements. When weighing the costs of compliance, companies should take into account that the costs of correcting misstatements of origin later can be more expensive and burdensome than taking the time to understand the marking requirements before you import your goods. These burdens include re-marking thousands of products in inventory as well as items already sold to customers.

## USCS Webinar - Expanding Sales in Canada

Join the U.S. Commercial Service (USCS) in a webinar presentation October 12, 2011 and learn how to expand your sales in Canada by access procurement opportunities from the Government of Canada and the Government of Quebec.

### Program

- Ø How to Sell to the Canadian Federal Government Procurement
- Ø Live Government Electronic Tendering Demonstration - MERX
- Ø How to Sell to the Quebec Provincial Government
- Ø French language requirements in Quebec
- Ø How the U.S. Commercial Service can assist U.S. companies

**Cost:** US \$75 For more information or to RSVP please click [here](#).

(If link does not work, please copy and paste into URL):

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

## Missouri-Based Freight Forwarder Settles Charges of Aiding and Abetting Unlicensed Exports to a Listed Entity in Pakistan

**WASHINGTON** – The U.S. Department of Commerce’s Bureau of Industry and Security (BIS) announced that the freight forwarding company Ram International Inc. (Ram) of St. Louis, MO, has agreed to pay a \$40,000 civil penalty to settle allegations that it committed two violations of the Export Administration Regulations (EAR).

BIS alleges that on two occasions in 2006, Ram’s Elk Grove Village, IL. office aided and abetted the unlicensed export of salvage scrap electrolytic tin plate steel to Allied Trading Company in Karachi, Pakistan, without the required BIS licenses. Allied is included on the Commerce Department’s Entity List which names certain foreign persons -- including businesses, research institutions, government and private organizations, individuals, and other types of legal persons-- that are subject to license requirements for the export, re-export and/or transfer in-country of specified items.

The Commerce Department Assistant Secretary for Export Enforcement, David W. Mills, commended the BIS Office of Export Enforcement Chicago Field Office for its work on the investigation.

### **BACKGROUND**

BIS controls exports and re-exports of dual-use commodities, technology, and software for reasons of national security, missile technology, nuclear non-proliferation, chemical and biological weapons non-proliferation, crime control, regional stability, foreign policy and anti-terrorism. Criminal penalties and administrative sanctions can be imposed for violations of the EAR. For more information, please visit [www.bis.doc.gov](http://www.bis.doc.gov).

## ATTENTION DLA SUPPLIER - Important Information Regarding Radio Frequency Identification (RFID)

Effective October 1, 2011, all non-compliant passive RFID shipments will result in a negative impact to suppliers past performance history.

RFID tags are required for DLA direct shipments (shipments for stock to a DLA depot) if the depot is listed in the clause at DFARS 252.211-7006. Most DLA depots require RFID tags. See the clause for a complete listing of the locations.

In addition to tagging shipments, an advance shipment notice is also required. The receiving report in Wide Area Workflow (WAWF) serves as the advance shipment notice. If the advance shipment notice is not submitted before your shipment arrives at the depot, **you are in non-compliance**. See the WAWF online training site at <https://wawftraining.eb.mil/xhtml/unauth/web/wbt/WbtMainMenu.xhtml> for a complete module on entering RFID tags.

A complete list of passive RFID requirements for suppliers can be found at DFARS 252.211-7006. You can view the clause at this link: <http://www.acq.osd.mil/dpap/dars/dfars/html/current/252211.htm#252.211-7006>.

Additional information regarding RFID is available at: <http://www.acq.osd.mil/log/rfid/index.htm> (including a copy of the DOD Suppliers Passive RFID Guide)