

UNITED STATES OF AMERICA
DEPARTMENT OF COMMERCE

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In the Matter of))
)) **Case No. 05-06**
ALCOA EUROPE SA))
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_____))

SETTLEMENT AGREEMENT

This agreement is made by and between Alcoa Europe SA (“AESA”), indirectly, a wholly owned subsidiary of a domestic concern, and the Office of Antiboycott Compliance, Bureau of Industry and Security, United States Department of Commerce (“BIS”), pursuant to Section 766.18(a) of the Export Administration Regulations (currently codified at 15 C.F.R. Parts 730-774 (2005)) (the “Regulations”), issued pursuant to the Export Administration Act of 1979, as amended (50 U.S.C. §§ 2401-2420 (2000)) (the “Act”).¹

¹ From August 21, 1994 through November 12, 2000, the Act was in lapse. During that period, the President, through Executive Order 12924, which had been extended by successive Presidential Notices, the last of which was August 3, 2000 (3 C.F.R., 2000 Comp. 397 (2001)), continued the Regulations in effect under the International Emergency Economic Powers Act (50 U.S.C. §§ 1701-1706 (2000)) (“IEEPA”). On November 13, 2000, the Act was reauthorized by Pub. L. No. 106-508 (114 Stat. 2360 (2000)) and remained in effect through August 20, 2001. Executive Order 13222 of August 17, 2001 (3 C.F.R., 2001 Comp. 783 (2002)), which has been extended by successive Presidential Notices, the most recent being that of August 6, 2004 (69 Fed. Reg. 48763, August 10, 2004), continues the Regulations in effect under IEEPA.

WHEREAS, BIS has notified AESA of its intention to initiate an administrative proceeding against AESA, pursuant to Section 11(c) of the Act by issuing the Proposed Charging Letter dated 29 August 2005, a copy of which is attached hereto and incorporated herein by this reference; and

WHEREAS, AESA has reviewed the Proposed Charging Letter and is aware of the allegations against it and the administrative sanctions which could be imposed against it if the allegations are found to be true; AESA fully understands the terms of this Settlement Agreement, and enters into this Settlement Agreement voluntarily and with full knowledge of its rights; and AESA states that no promises or representations have been made to it other than the agreements and considerations herein expressed; and

WHEREAS, AESA neither admits nor denies the truth of the allegations, but wishes to settle and dispose of the allegations made in the Proposed Charging Letter by entering into this Settlement Agreement; and

WHEREAS, AESA agrees to be bound by the appropriate Order (“Order”) when entered;

NOW, THEREFORE, AESA and BIS agree as follows:

1. Under the Act and the Regulations, BIS has jurisdiction over AESA with respect to the matters alleged in the Proposed Charging Letter.

2. BIS will impose a civil penalty in the amount of \$ 6,000. AESA will pay to the U.S. Department of Commerce, within 30 days of receipt of service of the Order, and in accordance with the terms of the Order, when entered, the amount of \$ 6,000 in complete settlement of all matters set forth in the Proposed Charging Letter.

3. As authorized by Section 11(d) of the Act, timely payment of the amount agreed to in paragraph 2 is hereby made a condition of the granting, restoration, or continuing validity of any export license, permission, or privilege granted, or to be granted, to AESA. Failure to make payment of this amount shall result in the denial of all of AESA's export privileges for a period of one year from the date of entry of the Order.

4. Subject to the approval of this Settlement Agreement, pursuant to paragraph 9 hereof, AESA hereby waives all rights to further procedural steps in this matter (except with respect to any alleged violation of this Settlement Agreement or the Order, when entered) including, without limitation, any right to:
 - A. An administrative hearing regarding the allegations in the Proposed Charging Letter;

- B. Request a refund of the funds paid by AESA pursuant to this Settlement Agreement and the Order, when entered; or
 - C. Seek judicial review or otherwise contest the validity of this Settlement Agreement or the Order, when entered.
5. BIS, upon entry of the Order, will not initiate any administrative or judicial proceeding, or make a referral to the Department of Justice for criminal proceedings against AESA with respect to any violation of Section 8 of the Act or Part 760 of the Regulations arising out of the transactions set forth in the Proposed Charging Letter or any other transaction that was disclosed to or reviewed by BIS in the course of its investigation.
6. AESA understands that BIS will disclose publicly the Proposed Charging Letter, this Settlement Agreement, and the Order, when entered.
7. This Settlement Agreement is for settlement purposes only, and does not constitute an admission by AESA that it has violated the Regulations, or an admission of the truth of any allegation contained in the Proposed Charging Letter or referred to in this Settlement Agreement. Therefore, if this Settlement Agreement is not accepted and the Order not entered by the Assistant Secretary for Export Enforcement, BIS may not use this Settlement Agreement against AESA in any administrative or judicial proceeding.

8. No agreement, understanding, representation or interpretation not contained in this Settlement Agreement may be used to vary or otherwise affect the terms of this Settlement Agreement or the Order, when entered, nor shall this Settlement Agreement bind, constrain or otherwise limit any action by any other agency or department of the United States Government with respect to the facts and circumstances herein addressed. This paragraph shall not limit AESA's right to challenge any action brought by any other agency based on a referral by BIS or any employee thereof, in contravention of paragraph 5 of this Settlement Agreement.
9. This Settlement Agreement will become binding on BIS only when approved by the Assistant Secretary for Export Enforcement by entering the Order.

ALCOA EUROPE SA

M. A. Rudolf

DATE: Sept 20th, 2005

U.S. DEPARTMENT OF COMMERCE

Edward O. Weant III

Edward O. Weant III
Acting Director
Office of Antiboycott Compliance

DATE: 27 SEPTEMBER 2005

Attachment



PROPOSED CHARGING LETTER

29 August 2005

Alcoa Europe SA
61 avenue d'Ouchy
1006 Lausanne, Switzerland

Attention : Maria Adelheid Rudolf von Rohr

Case No. 05-06

Gentlemen/Ladies:

We, the Bureau of Industry and Security, United States Department of Commerce ("BIS"), have reason to believe that you, Alcoa Europe, SA, on six occasions, have violated the Export Administration Regulations (currently codified at 15 C.F.R. Parts 730-774 (2005)) (the "Regulations"),¹ which are issued under the authority of the Export Administration Act of 1979, as amended (50 U.S.C. §§ 2401-2420 (2000)) (the "Act").²

We charge that you committed six violations of Section 760.5 in that, on six occasions, you failed to report timely to the Department of Commerce ("Department") your receipt of a request to engage in a restrictive trade practice or boycott, as required by the Regulations.

¹ The alleged violations occurred during the period 2001 through 2004. The Regulations governing the violations at issue are found in the 2001 through 2004 respective versions of the Code of Federal Regulations (15 C.F.R. Parts 730-774 (2001, 2002, 2003 and 2004)). The prior years' Regulations are substantially the same as the 2005 version of the Regulations which govern the procedural aspects of this matter.

² From August 21, 1994 through November 12, 2000, the Act was in lapse. During that period, the President, through Executive Order 12924, which had been extended by successive Presidential Notices, the last of which was August 3, 2000 (3 C.F.R., 2000 Comp. 397 (2001)), continued the Regulations in effect under the International Emergency Economic Powers Act (50 U.S.C. §§ 1701-1706 (2000)) ("IEEPA"). On November 13, 2000, the Act was reauthorized by Pub. L. No. 106-508 (114 Stat. 2360 (2000)) and remained in effect through August 20, 2001. Executive Order 13222 of August 17, 2001 (3 C.F.R., 2001 Comp. 783 (2002)), which has been extended by successive Presidential Notices, the most recent being that of August 6, 2004 (69 Fed. Reg. 48763, August 10, 2004), continues the Regulations in effect under IEEPA.



We allege that:

Alcoa, Inc is, and at all times relevant was, a domestic concern incorporated in the State of Pennsylvania and, as such, is a United States person as defined in Section 760.1(b) of the Regulations. You, Alcoa Europe, SA, are, and at all times relevant were, a company registered under the laws of Switzerland and, indirectly, a wholly owned subsidiary of Alcoa, Inc. Accordingly, you are a controlled-in-fact foreign subsidiary of a domestic concern, as defined in Section 760.1(c), and, as such, are a United States person as defined in Section 760.1(b) of the Regulations.

During the period 2001 through 2004, you engaged in transactions involving the sale and transfer of goods from the United States to Dubai, activities in the interstate or foreign commerce of the United States, as defined in Section 760.1(d) of the Regulations.

Charges 1 - 6 (15 C.F.R. § 760.5 - Failing to Report, as Required by the Regulations, the Receipt of a Request to Engage in a Restrictive Trade Practice or Foreign Boycott Against a Country Friendly to the United States)

In connection with the activities referred to above, during the period 2001 through 2004, on six occasions, you received a request to take an action which would have the effect of furthering or supporting a restrictive trade practice or unsanctioned foreign boycott, as described in Table A, which is attached and incorporated herein by this reference. Section 760.5 of the Regulations requires United States persons to report to the Department their receipts of such requests. You failed to report to the Department your receipts of these requests in a timely manner.

By failing to report your receipts of these requests, as directed by Section 760.5 of the Regulations, you are in violation of Section 760.5. We therefore charge you with six violations of Section 760.5 of the Regulations.

Accordingly, administrative proceedings are instituted against you pursuant to Part 766 of the Regulations for the purpose of obtaining an Order imposing administrative sanctions.³

You are entitled to a hearing on the record as provided in Section 766.6 of the Regulations. If you wish to have a hearing on the record, you must file a written demand for it with your answer. You are entitled to be represented by counsel, and under Section 766.18 of the Regulations, to seek a settlement agreement.

³ Administrative sanctions may include any or all the following:

- a. A civil penalty of \$11,000 per violation (see § 764.3(a)(1) of the Regulations and 15 C.F.R. § 6.4(a)(4)(2004));
- b. Denial of export privileges (see § 764.3(a)(2) of the Regulations); and/or
- c. Exclusion from practice before BIS (see § 764.3(a)(3) of the Regulations).

If you fail to answer the allegations contained in this letter within thirty (30) days after service as provided in Section 766.6, such failure will be treated as a default under Section 766.7.

As provided in Section 766.3, I am referring this matter to the Administrative Law Judge. Pursuant to an Interagency Agreement between BIS and the U.S. Coast Guard, the U.S. Coast Guard is providing administrative law judge services, to the extent that such services are required under the Regulations, in connection with the matters set forth in this letter. Therefore, in accordance with the instructions in Section 766.5(a) of the Regulations, your answer should be filed with:

U.S. Coast Guard ALJ Docketing Center
40 South Gay Street
Baltimore, Maryland 21202-4022

Attention: Administrative Law Judge

Also, in accordance with the instructions in Section 766.5(b) of the Regulations, a copy of your answer should also be served on the Bureau of Industry and Security at:

Office of the Chief Counsel for Industry and Security
Room H-3839
Bureau of Industry and Security
U.S. Department of Commerce
14th Street & Constitution Avenue, N.W.
Washington, D.C. 20230

Sincerely,

Edward O Weant, III
Acting Director
Office of Antiboycott Compliance

Attachment

TABLE A

Schedule of Alleged Violations of Section 760.5
Failure to Report Receipts of Boycott Requests

Alcoa Europe, SA
Case No. 05-06

Item	Sales Order Number : Amount	Date Request Received	Boycotting Country	Boycott Request
1	IL 99257 : \$ 35,720	02.26.01	Dubai	"The Seller shall not supply goods or materials which have been manufactured or processed in Israel nor shall the services of any Israel organisation be used in handling or transporting the goods or materials."
2	IL 10086 : \$ 3,510	02.19.02	Dubai	"The Seller shall not supply goods or materials which have been manufactured or processed in Israel nor shall the services of any Israel organisation be used in handling or transporting the goods or materials."
3	IL 10419 : \$ 1,088.50	07.23.02	Dubai	"The Seller shall not supply goods or materials which have been manufactured or processed in Israel nor shall the services of any Israel organisation be used in handling or transporting the goods or materials."
4	IL 10958 : \$ 40,365	03.06.03	Dubai	"The Seller shall not supply goods or materials which have been manufactured or processed in Israel nor shall the services of any Israel organisation be used in handling or transporting the goods or materials."
5	IL 11493 : \$ 3,240	11.02.03	Dubai	"The Seller shall not supply goods or materials which have been manufactured or processed in Israel nor shall the services of any Israeli organisation be used in handling or transporting the goods or materials."
6	IL 11734 : \$ 40,670	03.23.04	Dubai	"The Seller shall not supply goods or materials which have been manufactured or processed in Israel nor shall the services of any Israeli organisation be used in handling or transporting the goods or materials."

UNITED STATES OF AMERICA
DEPARTMENT OF COMMERCE

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In the Matter of))
)) **Case No. 05-06**
ALCOA EUROPE SA))
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ORDER

The Office of Antiboycott Compliance, Bureau of Industry and Security, U.S. Department of Commerce (“BIS”), having determined to initiate an administrative proceeding pursuant to Section 11(c) of the Export Administration Act of 1979, as amended (50 U.S.C. §§ 2401-2420 (2000)) (the “Act”)¹ and the Export Administration Regulations (currently codified at 15 C.F.R Parts 730-774 (2005))(the “Regulations”), against Alcoa Europe SA (“AESA”), indirectly, a wholly owned subsidiary of a domestic concern, based on allegations set forth in the Proposed Charging Letter, dated 29 August 2005, that alleged that AESA committed six violations of the Regulations;

¹ From August 21, 1994 through November 12, 2000, the Act was in lapse. During that period, the President, through Executive Order 12924, which had been extended by successive Presidential Notices, the last of which was August 3, 2000 (3 C.F.R., 2000 Comp. 397 (2001)), continued the Regulations in effect under the International Emergency Economic Powers Act (50 U.S.C. §§ 1701-1706 (2000)) (“IEEPA”). On November 13, 2000, the Act was reauthorized by Pub. L. No. 106-508 (114 Stat. 2360 (2000)) and remained in effect through August 20, 2001. Executive Order 13222 of August 17, 2001 (3 C.F.R., 2001 Comp. 783 (2002)), which has been extended by successive Presidential Notices, the most recent being that of August 6, 2004 (69 Fed. Reg. 48763, August 10, 2004), continues the Regulations in effect under IEEPA.

Specifically, the charges are:

1. *Six Violations of 15 C.F.R. §760.5 - Failing to Report the Receipt of a Request to Engage in a Restrictive Trade Practice or Foreign Boycott Against a Country Friendly to the United States:*

During the period 2001 through 2004, AESA engaged in transaction(s) involving the sale and/or transfer of goods from the United States to Dubai. In connection with these activities, AESA, on six occasions, received a request to take an action which would have the effect of furthering or supporting a restrictive trade practice or unsanctioned foreign boycott. AESA failed to report its receipts of these requests to the Department of Commerce, as directed by Section 760.5 of the Regulations.

BIS and AESA having entered into a Settlement Agreement pursuant to Section 766.18(a) of the Regulations whereby the parties have agreed to settle this matter in accordance with the terms and conditions set forth therein and the terms of the Settlement Agreement having been approved by me;

IT IS THEREFORE ORDERED THAT:

FIRST, a civil penalty of \$ 6,000 is assessed against AESA and shall be paid to the U.S. Department of Commerce within 30 days from the date of entry of this Order. Payment of these sums shall be made in the manner specified in the attached instructions.

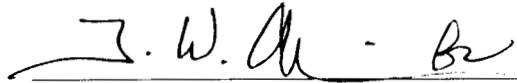
SECOND, pursuant to the Debt Collections Act of 1982, as amended (31 U.S.C. §§ 3701-3720E (1983 and Supp. 2001)), the civil penalty owed under this Order accrues interest as more fully described in the attached Notice, and, if payment is not made by the due dates specified herein, AESA will be assessed, in addition to the full amount of the penalty and interest, a penalty charge and an administrative charge, as more fully described in the attached Notice.

THIRD, as authorized by Section 11(d) of the Act, the timely payment of the sum of \$ 6,000 is hereby made a condition to the granting, restoration or continuing validity of any export license, permission, or privilege granted, or to be granted, to AESA.

Accordingly, if AESA should fail to pay the civil penalty in a timely manner, the undersigned may enter an Order under the authority of Section 11(d) of the Act denying all of AESA's export privileges for a period of one year from the date of the entry of this Order.

FOURTH, the Proposed Charging Letter, the Settlement Agreement and this Order shall be made available to the public, and a copy of this Order shall be served upon AESA.

This Order, which constitutes the final agency action in this matter, is effective immediately.

A handwritten signature in black ink, appearing to read "W. L. Wysong", written over a horizontal line.

Wendy L. Wysong
Deputy Assistant Secretary of Commerce for
Export Enforcement

Entered this 30TH day of September, 2005

Attachments

INSTRUCTIONS FOR PAYMENT OF SETTLEMENT AMOUNT

1. The check should be made payable to:

U.S. DEPARTMENT OF COMMERCE

2. The check should be mailed to:

U.S. Department of Commerce
Bureau of Industry and Security
Room 6881
14th & Constitution Avenue, N.W.
Washington, D.C. 20230

Attention: Sharon Gardner

NOTICE

The Order to which this Notice is attached describes the reasons for the assessment of the civil monetary penalty. It also specifies the amount owed and the date by which payment of the civil penalty is due and payable.

Under the Debt Collection Act of 1982, as amended (31 U.S.C. §§ 3701-3720E (1983 and Supp. 2001)) and the Federal Claims Collection Standards (65 Fed. Reg. 70390-70406, November 22, 2000, to be codified at 31 C.F.R. Parts 900-904), interest accrues on any and all civil monetary penalties owed and unpaid under the Order, from the date of the Order until paid in full. The rate of interest assessed respondent is the rate of the current value of funds to the U.S. Treasury on the date that the Order was entered. However, interest is waived on any portion paid within 30 days of the date of the Order. See 31 U.S.C. §3717 and 31 C.F.R. §901.9.

The civil monetary penalty will be delinquent if not paid by the due date specified in the Order. If the penalty becomes delinquent, interest will continue to accrue on the balance remaining due and unpaid, and respondent will also be assessed both an administrative charge to cover the cost of processing and handling the delinquent claim and a penalty charge of six percent per year. However, although the penalty charge will be computed from the date that the civil penalty becomes delinquent, it will be assessed only on sums due and unpaid for over 90 days after that date. See 31 U.S.C. §3717 and 4 C.F.R. §901.9.

The foregoing constitutes the initial written notice and demand to respondent in accordance with Section 901.2 of the Federal Claims Collection Standards (31 C.F.R. §901.2(b)).