



UNITED STATES DEPARTMENT OF COMMERCE
Under Secretary for Industry and Security
Washington, D.C. 20230

May 3, 2002

The Honorable Paul Sarbanes
Chairman, Committee on Banking,
Housing and Urban Affairs
United States Senate
Washington, D.C. 20510

Dear Mr. Chairman:

I hereby report to the Congress the actions taken by the Department of Commerce's Bureau of Industry and Security (formerly known as the Bureau of Export Administration) relating to exports of agricultural commodities to Cuba for the first three calendar quarters since regulatory implementation of the requirements of the Trade Sanctions Reform and Export Enhancement Act of 2000 (TSRA) (Title IX of Pub. L. 106-387) on July 26, 2001. This report is required by Section 906(b) of TSRA.

Sincerely,

A handwritten signature in cursive script, appearing to read "Ken Juster".

Kenneth I. Juster

Enclosure



**DEPARTMENT OF COMMERCE REPORT ON ACTIONS TAKEN
PURSUANT TO SECTION 906(A)(1) OF THE
TRADE SANCTIONS REFORM AND EXPORT ENHANCEMENT ACT OF 2000**

Section 906(b) of the Trade Sanctions Reform and Export Enhancement Act of 2000 (TSRA) (Title IX of Pub. L. 106-387), enacted on October 28, 2000, requires that the appropriate federal government agency submit a quarterly report to the Congress on any activities undertaken pursuant to Section 906(a)(1) during the preceding calendar quarter. The Department of Commerce's Bureau of Industry and Security (BIS), formerly known as the Bureau of Export Administration, is submitting this report covering the Bureau's licensing activity relating to exports of agricultural commodities to Cuba for the first three calendar quarters since TSRA's implementing regulation took effect on July 26, 2001.

Section 906(a)(1) of TSRA sets forth the license requirements that apply to exports of agricultural commodities, medicine, and medical devices to designated terrorist-supporting countries. Section 906(a)(1) also provides that procedures shall be in place to deny licenses for exports to entities that promote international terrorism within such countries.

Generally, BIS is responsible for licensing exports to Cuba, Syria, and North Korea. However, Section 906 of the TSRA exempts exports to Syria and North Korea from licensing restrictions. BIS thus administers the TSRA requirements only as they pertain to Cuba. On July 12, 2001, BIS revised its Export Administration Regulations (EAR) to implement TSRA requirements on exports of agricultural commodities to Cuba. The implementing rule became effective on July 26, 2001.

BIS created License Exception Agricultural Commodities (AGR) to permit the expedited review of proposed exports of agricultural commodities to Cuba. Under License Exception AGR, an exporter must submit prior notification of a proposed transaction to BIS. The exporter may proceed with the shipment when BIS confirms that no reviewing agency has raised an objection (generally with 12 business days), provided that the transaction meets all of the other requirements of the license exception. This expedited review includes the screening of the ultimate recipient of the commodities to ensure that it does not promote terrorism. Exports of medicines and medical devices to Cuba are not eligible for License Exception AGR and continue to be subject to the license application and review requirements of the Cuban Democracy Act of 1992.

The Treasury Department's Office of Foreign Assets Control (OFAC) is responsible for licensing exports to Iran, Iraq, Libya, and Sudan. Iraq remains subject to multilateral sanctions and is thus not eligible for the new TSRA procedures. OFAC also revised its regulations, effective July 26, 2001, to implement TSRA requirements and provide expedited review of exports of agricultural commodities, medicines, and medical devices to Iran, Libya, and Sudan. BIS and OFAC require that exporters obtain an official commodity classification from BIS for certain agricultural commodities and medical devices before seeking authorization under the TSRA procedures at either agency. Most agricultural commodities and many medical items have

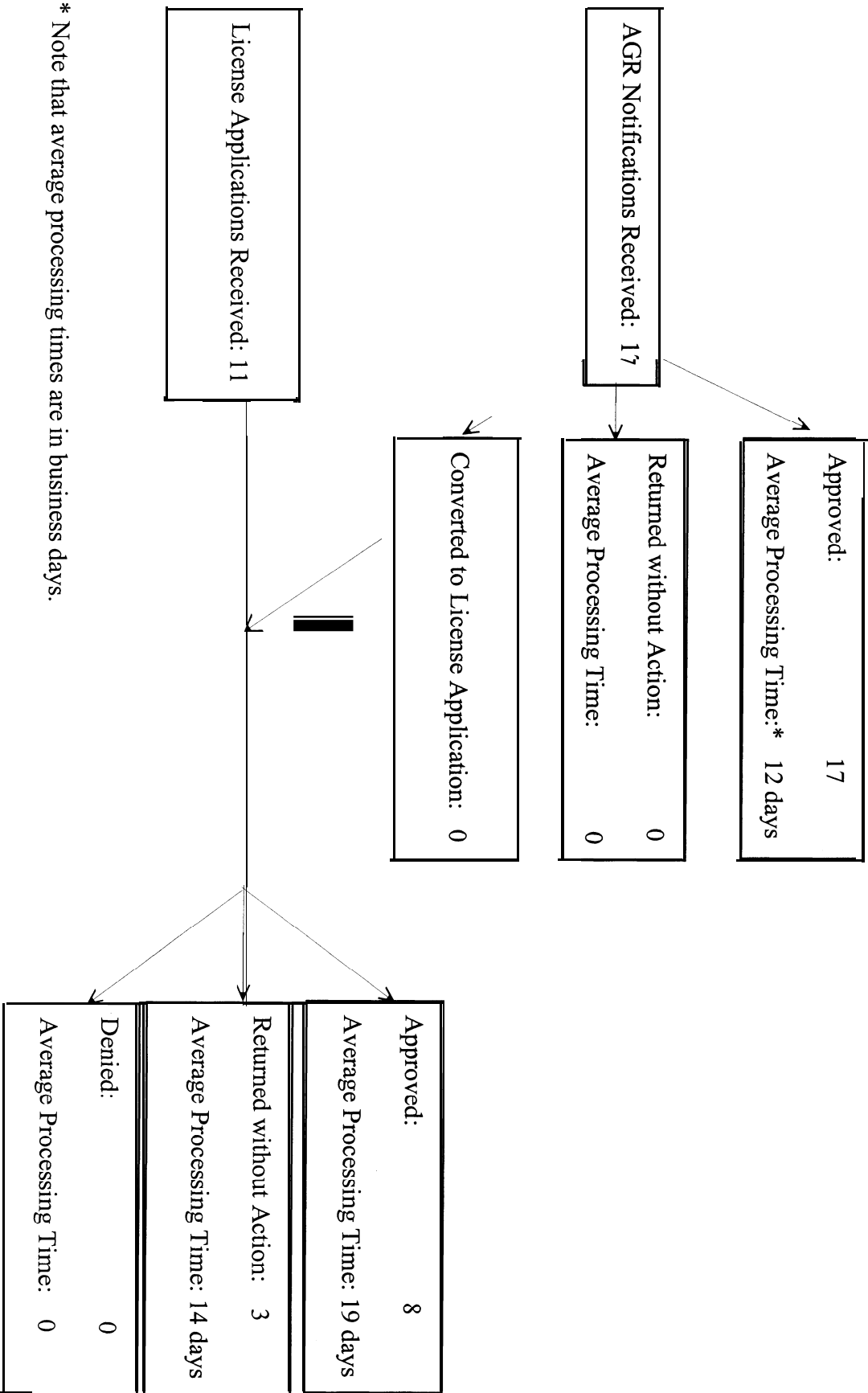
already been determined to be eligible for review under the streamlined TSRA export procedures. BIS either has listed these items on its Web page or provided a link to other government Web pages where the items are listed.

BIS received written comments from ten individuals or companies on the new rule. BIS will take these comments into account as it considers revisions to License Exception AGR procedures and publication of a final rule.

Pursuant to Section 906(a)(1) of TSRA, reports of License Exception AGR activity involving exports to Cuba during the July-September 2001, October-December 2001, and January-March 2002 calendar quarters are attached. BIS received one notification during the first quarter, which was approved in 12 business days. BIS received 17 notifications during the second quarter, almost all of which were in response to hurricane damage suffered by Cuba in early November 2001. BIS authorized all of these 17 notifications in 12 business days. In the third quarter, BIS received 35 notifications and processed these cases in an average of 15 business days.

Quarterly Report to the Congress on Activities Undertaken by the Department of Commerce Pursuant to Section 906(a)(1) of the Trade Sanctions Reform and Export Enhancement Act of 2000

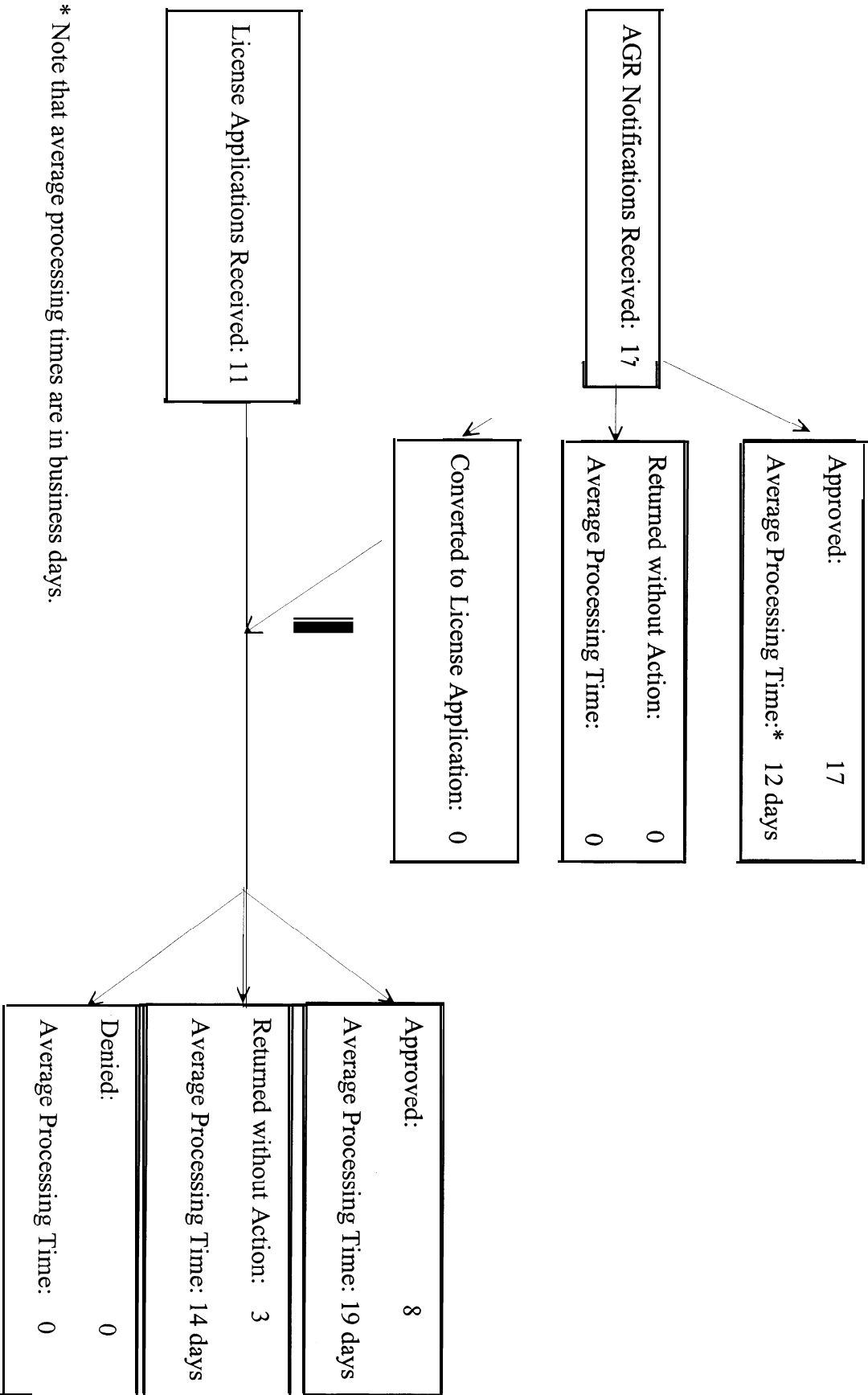
Agricultural Commodities to Cuba: October - December 2001



* Note that average processing times are in business days.

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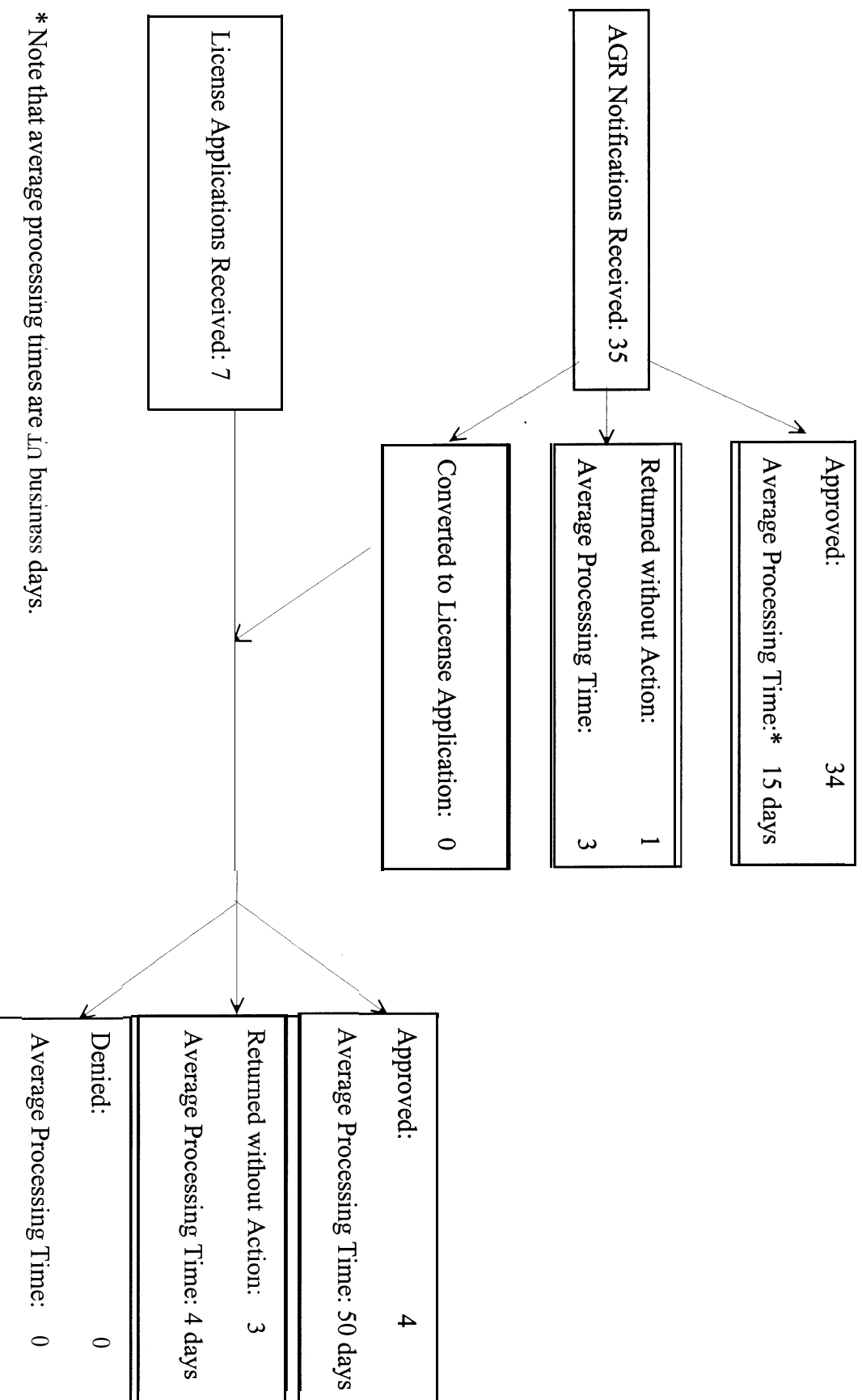
Agricultural Commodities to Cuba: October - December 2001



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Section 906(a)(1) of the Trade Sanctions Reform and Export Enhancement Act of 2000**

Agricultural Commodities to Cuba: January - March 2002



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