



**U.S. Department of Commerce**  
**Bureau of Industry and Security**

**Annual Report to the Congress for Fiscal Year 2007**



**Secretary of Commerce  
Carlos M. Gutierrez**



**Under Secretary of Commerce  
Mario Mancuso**

# Bureau of Industry and Security Fiscal Year 2007 Annual Report

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## STATEMENT OF THE SECRETARY AND UNDER SECRETARY

We are pleased to present this report of the activities of the Department of Commerce's Bureau of Industry and Security (BIS) in support of President Bush's security and economic agenda for the American people in Fiscal Year 2007.

Trade is vitally important to our country, and in this time of unprecedented opportunity for the American people, it is a privilege to lead BIS as it works to ensure that we are both facilitating American prosperity and enhancing American national security. This year's report explains how BIS supported secure trade and continued its extensive outreach to its stakeholders.

BIS processed 19,512 export license applications worth approximately \$52.6 billion. This represented the highest number of applications reviewed by the Bureau in over a decade.

Both domestically and internationally, BIS provided guidance to new and experienced exporters through 49 domestic export control outreach seminars in 18 states. BIS conducted two international export control outreach seminars in the People's Republic of China and Japan to a combined audience of over 600 attendees. We expanded our outreach venues with three webinars on topics of interest to the exporting community, drawing over 2,300 on-line attendees and an even larger audience of viewers of the BIS website archives of these webinars.

BIS also promoted American competitiveness through programs to strengthen the ability of U.S. industry to meet vital national security requirements. BIS completed two assessments of the U.S. defense industrial and technological base, and in coordination with the Department's International Trade Administration, reviewed 151 filings submitted to the Committee on Foreign Investment in the United States detailing proposed foreign acquisitions of U.S. companies to ensure that the acquisitions did not threaten U.S. national security.

Crime must never be a competitive advantage, and BIS backed its policies with effective enforcement. Our investigations resulted in the criminal conviction of 16 individuals and businesses for export and antiboycott violations with penalties totaling more than \$25.3 million in criminal fines, over \$1.4 million in forfeitures, and 324 months of imprisonment.

BIS investigations resulted in the completion of 75 administrative cases against individuals and businesses and over \$6 million in administrative penalties. These penalties include 10 cases and \$194,500 for antiboycott violations.

BIS published a final rule to clarify and refine U.S. export control policy toward China. The rule created a new authorization for Validated End-Users; a military end-use license requirement for certain items; and expanded support documentation requirements, all in support of U.S. policy intended to facilitate exports for civilian use while denying items that would support China's military modernization.

BIS supported the work of the Deemed Export Advisory Committee, an independent federal advisory committee established by the Secretary of Commerce to review and provide

recommendations to the Secretary on releases of technology and source code to foreign nationals in U.S. universities, businesses, and research institutions. The final report with the committee's recommendations has been submitted to the Secretary, and BIS is moving forward to act on the recommendations.

Looking ahead to Fiscal Year 2008, BIS will continue to work with American businesses to enhance our prosperity and national security, deepen our engagement with the world, and extend American values around the globe. Everyone at the Department of Commerce is committed to this effort.



Carlos M. Gutierrez  
Secretary of Commerce



Mario Mancuso  
Under Secretary of Commerce  
for Industry and Security

## Executive Summary

This report summarizes the activities of the Department of Commerce's Bureau of Industry and Security (BIS) during Fiscal Year 2007, from October 1, 2006, through September 30, 2007.<sup>1</sup>

### Highlights of Fiscal Year 2007

Fiscal Year 2007 was another year of accomplishment for the men and women of BIS. BIS worked to advance U.S. national security, foreign policy, and economic objectives by ensuring an effective export control and treaty compliance system and by promoting continued U.S. strategic technology leadership.

BIS strengthened and streamlined the U.S. export control system, expanded participation in the global system, and helped reduce illicit activity occurring outside the system. BIS also worked with the private sector to support the U.S. defense industrial and technological base.

In Fiscal Year 2007, BIS continued to adapt its policies on controls of exports and reexports of U.S.-origin items to geopolitical, security, technological, and market developments.

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<sup>1</sup> In accordance with past practice, this report has been prepared and is being submitted to Congress pursuant to the annual reporting requirement set forth in Section 14 of the Export Administration Act of 1979, as amended (EAA). This annual reporting requirement, together with the rest of the EAA, has expired, however, the President has continued the U.S. dual-use export control regime under the authority of the International Emergency Economic Powers Act. Some information included in this report fulfills reporting requirements in statutes other than the EAA.

BIS published a final rule to clarify and refine U.S. export control policy toward China. The rule created a new authorization for Validated End-Users, a military end-use license requirement for certain items, and expanded support documentation requirements, all in support of U.S. policy intended to facilitate exports for civilian use while denying items that would support China's military modernization.



**Under Secretary of Commerce Mario Mancuso leads the Bureau of Industry and Security.**

BIS supported the work of the Deemed Export Advisory Committee, an independent federal advisory committee established by the Secretary of Commerce to review and provide recommendations to the Secretary on releases of technology and source code to foreign nationals in U.S. universities, businesses, and research institutions ("deemed exports"). The final report with the committee's recommendations has been submitted to the Secretary, and BIS is moving forward to act on these recommendations.

BIS published for public comment a proposed rule to expand the criteria for adding entities to the Entity List. This proposed rule would allow BIS to focus its export control efforts more closely on problematic potential recipients of items that are subject to the Export Administration Regulations (EAR). If the rule is adopted in

final form, the U.S. government will be able to conduct prior review and make appropriate licensing decisions regarding proposed exports and reexports to such recipients to the degree necessary to protect U.S. interests. BIS will be able to tailor license requirements and availability of license exceptions for exports and reexports to parties who have taken, are taking, or threaten to take actions that are contrary to United States national security or foreign policy interests, without imposing additional license requirements that apply broadly to entire destinations or items.

BIS developed and implemented a methodology to determine the effectiveness of export controls by measuring the impact that implementation of the EAR has on U.S. national security and economic competitiveness.

BIS amended the EAR to impose license requirements for the export and reexport to the Democratic People's Republic of Korea (North Korea) of virtually all items subject to the EAR except food and medicines not listed on the Commerce Control List (CCL). BIS took this action to comply with United Nations Security Council Resolutions 1698 and 1718 and the foreign policy interests of the United States. The amendment also imposed restrictions on exports and reexports of luxury goods to North Korea, and continued to restrict exports and reexports of nuclear or missile-related items and other items included on the CCL.

In Fiscal Year 2007, BIS continued streamlining licensing efforts because exporters depend on timely and accurate processing of their license applications to export controlled items. BIS processed 19,512 export license applications involving trade worth approximately \$52.6 billion. This represented the highest number of

applications reviewed by the Bureau in over a decade and was an increase of 3 percent over the 18,941 applications processed in Fiscal Year 2006. BIS approved 16,539 license applications, returned 2,797 applications without action, and denied 172 applications,<sup>2</sup> with an average processing time of 28 days.

BIS successfully implemented the improvements of the newly redesigned Simplified Network Application Process System-Redesign (SNAP-R). SNAP-R significantly improves security and ease of use for exporters, and assists the Bureau in receiving and processing licenses in a more efficient and effective manner.

In Fiscal Year 2007, BIS also continued its aggressive outreach program of communication with industry and other interested parties, both in support of rule-making and to educate exporters on their responsibilities under U.S. law.

BIS reached more than 5,100 people through 49 domestic export control outreach seminars conducted in 18 states. These seminars provided guidance to new and experienced exporters regarding the EAR, changes in export policy, and licensing procedures.

BIS conducted two international export control outreach seminars in the People's Republic of China and Japan to a combined audience of over 600 attendees.

BIS held three webinars on topics of interest to the exporting community, drawing over 2,300 on-line attendees and an even larger audience of viewers of the BIS website archives of these webinars.

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<sup>2</sup> Four of the 19,512 applications completed in Fiscal Year 2007 were later revoked or suspended.

In Fiscal Year 2007, BIS also continued its defense industrial base and advocacy activities.

BIS, in cooperation with the Department of Defense, worked to support American and Coalition troops by expediting the delivery of critical equipment from the U.S. industrial base to support operations in Afghanistan and Iraq.

BIS, in cooperation with the Department of Homeland Security, expedited the delivery of industrial resources needed to support national emergency preparedness and critical infrastructure protection requirements.

BIS, in cooperation with the Air Force, completed two assessments of the U.S. defense industrial and technological base on aromatic polyimides and the U.S. space industry.

BIS, in coordination with the Department of Commerce's International Trade Administration, reviewed 151 filings submitted to the Committee on Foreign Investment in the United States detailing proposed foreign acquisitions of U.S. companies to ensure that the acquisitions did not threaten U.S. national security.

BIS coordinated U.S. Government advocacy for U.S. companies attempting to support the sale of defense articles worth approximately \$6.1 billion to foreign governments. BIS's efforts help maintain the U.S. defense industrial and technological base and preserve employment in high-technology industries.

In Fiscal Year 2007, BIS had an outstanding year of accomplishment in enforcing America's dual-use export control and antiboycott laws and regulations.

BIS investigations resulted in the criminal conviction of 16 individuals and businesses for export violations. The penalties for these convictions came to over \$25.3 million in criminal fines, over \$1.4 million in forfeitures, and 324 months of imprisonment, compared to 33 convictions<sup>3</sup> and over \$3 million in criminal fines in Fiscal Year 2006.

BIS investigations resulted in the completion of 75 administrative cases against individuals and businesses and over \$6 million in administrative penalties, as compared to 104 cases and over \$13 million in administrative penalties in Fiscal Year 2006. These penalties include 10 cases and \$194,500 for antiboycott violations in Fiscal Year 2007, as compared to 9 cases and \$95,950 in Fiscal Year 2006.

BIS completed 854 end-use checks in over 80 different countries. Approximately 35 percent of these checks were completed by our Export Control Officers based at various embassies around the world, and almost 30 percent were completed during nine trips conducted by BIS Sentinel Teams--Special Agents deployed from the United States to assess the suitability of foreign end-users.

In Fiscal Year 2007, BIS helped the United States meet its treaty compliance responsibilities under the Chemical Weapons Convention (CWC) by receiving and verifying 767 declarations and reports from 580 plant sites. BIS also hosted eight on-site inspections of U.S. facilities engaged in chemical-related activities.

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<sup>3</sup> The Annual Report for Fiscal Year 2006 reported that BIS investigations resulted in 34 criminal convictions. During Fiscal Year 2007, one of those convictions was overturned on appeal. Therefore, the revised number of criminal convictions for Fiscal Year 2006 is 33.



Finally, in Fiscal Year 2007, BIS continued its role in furthering U.S. Government interests in the four major multilateral export control regimes – the Australia Group (chemical and biological weapons), the Missile Technology Control Regime, the Nuclear Suppliers Group, and the Wassenaar Arrangement (conventional arms and related dual-use items).

Through these activities and more, as detailed in this Annual Report, the men and women of the Bureau of Industry and Security improved not only American security, but also American economic growth, and American innovation. These accomplishments provide a solid foundation for BIS's continued efforts in Fiscal Year 2008.

# Chapter 1: Export Control Policy and Regulations

## Mission

The mission of the Bureau of Industry and Security (BIS) is to advance U.S. national security, foreign policy, and economic objectives by ensuring an effective export control and treaty compliance system and promoting continued U.S. strategic technology leadership. BIS principally accomplishes this mission by maintaining and strengthening an adaptable and effective export control system.

Items subject to BIS's regulatory jurisdiction have chiefly commercial uses, but also have military and proliferation applications, or may be used in terrorist activities. These items are generally referred to as dual use items. BIS has primary responsibility for implementing U.S. export control policy on such commodities, software, and technology. To accomplish its objectives, BIS promulgates clear, concise, and timely changes to the Export Administration Regulations (EAR) setting forth license requirements and licensing policy for the exports of these items.

A central area of focus is implementation of export controls agreed to in the four major multilateral export control regimes – the Australia Group (chemical and biological nonproliferation), the Missile Technology Control Regime, the Nuclear Suppliers Group, and the Wassenaar Arrangement (conventional arms and dual use goods and

technologies).<sup>1</sup> Other BIS regulations support U.S. foreign policy and national security interests, including regulations that implement sanctions policies, execute legislation, specify licensing agency jurisdictional authority for a given item, and clarify the rights and obligations of U.S. exporters.

BIS consults closely with industry on the development of regulatory policy through its six Technical Advisory Committees (TACs). The TACs provide valuable input regarding industry perspectives on trends in technology and the practicality and likely impact of export controls. In addition, BIS solicits public comments on new final or proposed rules that it publishes to ensure that the exporting community and other members of the public have a means to provide their views.

## Accomplishments in Fiscal Year 2007

In Fiscal Year 2007, BIS adapted its dual use export control policies to important geopolitical, security, technological, and market developments.<sup>2</sup>

## Effectiveness Methodology

BIS developed and implemented a methodology to determine the effectiveness of dual use export controls by measuring the impact that implementation of the EAR has on U.S. national security and economic competitiveness. In addition, BIS analyzed export data to determine the economic impact of proposed changes to the

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<sup>1</sup>Please see Appendix A for more details.

<sup>2</sup>Please see Appendix B for more details.

Commerce Control List, better inform licensing decisions, facilitate exporter adherence to the EAR, and identify trends with key trading partners to support bilateral and multilateral policy decisions.

### **Foreign Policy-Based Controls**

In June 2007, BIS published a proposed rule to authorize adding to the Entity List (included in Part 744 of the EAR) entities that BIS has reasonable cause to believe, based on specific and articulable facts, were, are, or will be involved in activities that are contrary to the national security or foreign policy interests of the United States and/or



**Eileen Albanese, Director of the Office of Exporter Services.**

those acting on behalf of such entities. This new authorization would not be used to add U.S. persons, as defined in § 772.1 of the EAR, to the Entity List. The proposed rule also would provide a procedure for entities listed on the Entity List to request removal or modification of their entries.

The proposed new rule would allow BIS to focus its export control efforts more closely on entities who do not precisely meet the existing criteria for addition to the Entity List but who may be involved in activities that are contrary to U.S. national security or foreign policy interests. The United States Government would be able to conduct a

prior review of proposed exports and reexports to such recipients and make appropriate licensing decisions to the degree necessary to protect U.S. interests. BIS would be able to tailor license requirements and the availability of license exceptions for exports and reexports to such entities without imposing additional restrictions that apply broadly to entire destinations or items. BIS believes that such targeted application of license requirements would provide BIS with the flexibility to deter the use of items subject to the EAR in ways that are contrary to the interests of the United States, while minimizing the expense and disruption to legitimate trade. As export controls continue to focus not just on countries, but also on individual customers or entities, BIS believes it is important to provide more information to the public about entities of concern. Implementation of this rule would enhance the public's ability to screen potential recipients of items subject to the EAR.

BIS has received public comments on this proposed rule, which are currently under review. We anticipate publication of a final rule in Fiscal Year 2008.

### **Country-Specific Policies**

#### ***China***

China continues to be one of the largest foreign markets for controlled items. In Fiscal Year 2007, exports and reexports to end-users in China accounted for by far the most license applications of any country, as well as the second highest value of license applications (behind Canada). While China is a party to several nonproliferation treaties, including the Nuclear Non-Proliferation Treaty, the Chemical Weapons Convention, and the Biological Weapons Convention, and has joined the Nuclear Suppliers Group,

it is not a member of the Wassenaar Arrangement, the Missile Technology Control Regime, or the Australia Group. Certain exports (e.g., of missile technology and crime control items) to China are also subject to statutory restrictions.



**Members of the U.S.–China High Technology Working Group met in September 2007 to discuss technology trade between the two nations.**

BIS continued in Fiscal Year 2007 with its successful efforts to facilitate U.S.-China civilian high-technology trade, consistent with U.S. security requirements. During the year, two productive meetings of the U.S.-China High Technology and Strategic Trade Working Group (HTWG), jointly chaired by BIS and the Chinese Ministry of Foreign Commerce, were held. The objective of the HTWG, which was established at a 2006 meeting of the Joint Commission on Commerce and Trade, is to strengthen U.S.-Chinese civilian high technology and other strategic trade cooperation and increase mutual trust. This year, the HTWG launched an initiative to explore ways to enhance trade in two key priority sectors: aerospace and information technology.

In June 2007, BIS published a rule that revised and clarified U.S. export control policy toward China. These changes were designed to facilitate commercial civilian trade with China while preventing exports that would make a material contribution to China's military capabilities. To facilitate

regular, ongoing commercial trade with end-users in China that have an established record of engaging in only civil end-use activities and of not contributing to the proliferation of weapons of mass destruction, the rule created a new authorization for exports, reexports, and transfers to validated end-users in China (also expanded to India in a separate regulatory action described below). Under the Validated End-User (VEU) program, any exporter or reexporter may ship specific controlled items to validated end-users without the otherwise required individual license. Over time, the new authorization is expected to facilitate hundreds of millions of dollars in trade with China. An initial list of five validated end-users in China was published in October, 2007. These five end-users (four in the electronics sector and one in aerospace) accounted for about 18 percent of licensed exports to China in 2006. The VEU program will make transactions easier, faster, and more reliable with customers that meet rigorous security requirements established by an interagency review process.

The China policy rule also advances the U.S. policy objective to prevent exports, reexports, and transfers to China that could enhance China's military capabilities. To accomplish this, the rule expanded U.S. controls on a carefully targeted list of goods and technologies that ordinarily would not require a BIS license for China, when the party wishing to ship the item knows that the item is destined for a "military end-use" (as defined in §744.21(f) of the EAR). This new military end-use control applies to about 20 categories of items and associated technologies, including such items as depleted uranium, civilian aircraft, and aircraft engines.

## ***India***

In October 2007, BIS announced India as an additional eligible country for the VEU program. Designating India as an eligible destination under VEU authorization builds upon the advances made in the U.S.-India High Technology Cooperation Group and the Next Steps in Strategic Partnership. Excellent cooperation in these fora has enabled the United States to reduce controls on exports of certain dual use items to India.

Authorization VEU is intended to further streamline U.S.-India trade in dual-use technologies. It will authorize the export, reexport, and transfer of certain controlled U.S. technology to end-users engaged in civilian end-uses in India who have met rigorous security requirements and demonstrated their ability to use sensitive items responsibly. As India continues to demonstrate its commitment to harmonize its export controls with those of the major multilateral control regimes, BIS anticipates that more end-users and items will be approved for authorization VEU.

## **Commodity-Specific Policies**

### ***Deemed Exports***

In a May 22, 2006, *Federal Register* Notice, the Secretary of Commerce announced the formation of a federal advisory committee to evaluate current deemed export policy and provide recommendations to the Secretary of Commerce. The members of the Deemed Export Advisory Committee (DEAC) were formally named in a September 12, 2006, Department of Commerce press release. The Secretary initially selected 12 committee members from the 90 submissions received from well-qualified applicants representing a variety of industry sectors and spanning different academic and

government disciplines. After being nominated as Secretary of Defense, Robert Gates resigned from the committee, leaving the total membership at 11 distinguished individuals. Norman Augustine served as the Chair, with Ruth David and Sean O'Keefe as Vice-Chairs.



**Deemed Export Advisory Committee Chairman Norman Augustine speaks at the October, 2006 meeting in Washington, D.C.**

The DEAC held six meetings around the country including the following locations: Washington, D.C., October 12, 2006; Santa Clara, California, January 22-23, 2007; Atlanta, Georgia, May 2, 2007; Cambridge, Massachusetts, June 19, 2007; Chicago, Illinois, July 30-31, 2007; and Washington, D.C., September 10, 2007.

The public meetings facilitated an important dialogue that recognized the need for a holistic approach addressing the indispensable role foreign nationals play in facilitating the U.S. technical and commercial position and ensuring that our export control policies prevent the diversion of technology to those who would harm the United States.

The formation of this committee was a pivotal step in continuing the collective dialogue BIS established among all affected high-technology sectors regarding deemed exports. BIS recognized that collaboration is key to the establishment and

implementation of an effective deemed export policy, and this was the genesis of the Secretary of Commerce's establishment of the DEAC. The DEAC's recommendations have been provided to the Secretary, and BIS is taking action in response to those recommendations.

### **BIS End-Use Information**

BIS worked during Fiscal Year 2007 to provide exporters with additional information on specific end-users to help ensure compliance with the EAR. On June 5, 2006, BIS imposed comprehensive export licensing requirements on Mayrow General Trading and several related entities in the UAE through the issuance of a General Order. Mayrow and related entities had acquired electronic components and devices capable of being used to construct Improvised Explosive Devices (IED) that have been, and may continue to be, employed in IEDs or other explosive devices used against Coalition Forces in Iraq and Afghanistan. BIS now requires a license for virtually any export to Mayrow or related entities. The order was subsequently amended in September 2006 and June 2007 to include specific additional persons involved in IED-related trade.

Additionally, BIS published updates to the Unverified List (UVL) that added 17 entities. These notices advised exporters that the involvement of a listed person as a party to a proposed transaction constitutes a "red flag," requiring heightened scrutiny by the exporter before proceeding with such a transaction.

### **Industry Input on Export Control Policy and Regulations**

BIS also actively sought the input and perspective of the private sector prior to implementation of the revised China

licensing policy in June, 2007. Specifically, public comments were solicited through a *Federal Register* notice, through an announcement on the BIS website, and through outreach to major industry and trade associations. BIS specifically sought information related to the foreign availability of items proposed to be subject to the military end-use control. After analysis of comments received from more than 60 parties, BIS was able to reduce and refine the list of items subject to the military end-use control.

### **Goals for Fiscal Year 2008**

In Fiscal Year 2008, BIS will continue its focus on issues related to reviewing the deemed exports rule, including analyzing and potentially implementing recommendations made by the DEAC. The DEAC has issued its report to the Secretary, and BIS is taking action in response to the report's recommendations.

BIS will begin to conduct a systematic review of the CCL. Initially the review will focus on comments received in response to the *Federal Register* Notice - Request for Public Comments on a Systematic Review of the Commerce Control List. BIS received 24 public comments, consisting of over 354 pages. BIS will establish an ongoing mechanism for systematic review of the CCL.

BIS will continue to work with other interested agencies to update and streamline the encryption provisions of the EAR.

Primary focus is on U.S. unilateral provisions, including reporting and notification requirements, but BIS will also work with industry to consider amendments to the Wassenaar Arrangement's Dual-Use List entries for encryption.

BIS will continue refining its methodology on effectiveness to identify approaches to mitigate the impact of export controls on U.S. competitiveness, enhance U.S. industry's compliance with the EAR, and facilitate trade in strategic high-technology sectors with key trading partners.

BIS will continue to implement the VEU program by conducting outreach with domestic and foreign businesses as well as the governments of eligible countries to educate them on the benefits of VEU as well as how to apply for VEU Authorization or to make shipments to an authorized VEU. BIS will also continue to evaluate potential countries that could be granted VEU eligibility.

BIS plans to publish the expanded Entity List early in calendar year 2008 and will begin reviewing potential additions and revisions to the Entity List based on the expanded criteria.



## Chapter 2: Export Licensing

### Mission

A core part of the BIS mission, as mandated by Executive Order 12981, is administering an effective U.S. export control system by processing dual-use license applications in a consistent, accurate, and timely manner. BIS works closely with the Departments of Defense, Energy, and State, as well as the intelligence community, in performing its export license processing and related functions.

### Accomplishments in Fiscal Year 2007

#### *Export License Processing*

In Fiscal Year 2007, BIS processed 19,512 export license applications involving trade worth approximately \$52.6 billion. This marked an increase of 3 percent over the 18,941 applications processed in Fiscal Year 2006 and represented the highest number of applications reviewed by the Bureau in over a decade. BIS approved 16,539 license applications, returned 2,797 applications without action, and denied 172 applications<sup>1</sup>. In Fiscal Year 2007, BIS continued to ensure the timely review of all license applications with an average processing time of 28 days.

These improvements were directly supported by the successful launch of the new Simplified Network Application Process System Redesign (SNAP-R), as planned, on October 15, 2006. This redesigned secure web system is used by exporters to submit export license

<sup>1</sup> Four (4) of the 19,512 applications completed in Fiscal Year 2007 were later revoked or suspended.

applications, commodity classification requests, and supporting documents to Commerce via the Internet. SNAP-R significantly improves security and ease of use for our exporters, and assists the Bureau in receiving and processing licenses in a more efficient and effective manner.



Secretary of Commerce Carlos M. Gutierrez addresses the BIS Update Conference.

In Fiscal Year 2007, the category of approved license applications with the highest value—\$26 billion—was for the export of crude oil in return for equivalent amounts of refined product. The highest number of license application approvals under one commodity classification was for thermal imaging and light intensifying cameras (ECCN 6A003), with 2,198 approved applications for exports and reexports worth \$138 million.

China was the destination with the largest number of approved license applications. BIS approved 1,841 license applications for exports to China, worth more than \$7.9 billion; 29 percent of these were “deemed export” license applications to release controlled technology or source code to Chinese nationals working in U.S. companies and universities. The average processing time for all approved licenses to China was approximately 13 percent less in Fiscal Year 2007 than in Fiscal Year 2006.



### ***Licensing Impacts***

BIS obtains data from the Census Bureau on exports of licensed items to evaluate the economic impact that export controls are having on U.S. interests. For calendar year 2006 (the most recent data available to BIS), U.S. companies exported \$3.3 billion of licensed items (of which 8.2 percent were exported under a special comprehensive license), and \$12.7 billion of items under a license exception, representing 0.3 percent and 1.2 percent, respectively, of overall U.S. trade. During the most recent two-year validation period for licenses (2004-06), companies exported against 44 percent of all licenses approved by BIS. Assessing the long-term economic impact that the licensing process can have on U.S. trade relevant to controlled items, regardless of whether an exporter shipped against an approved license, BIS estimates that up to 3.6 percent of U.S. trade was potentially impacted by the Export Administration Regulations from 2002-06.

In reviewing exports authorized by license or license exception, BIS identified a number of improvements to the Automated Export System (AES) that could increase exporter compliance with the Export Administration Regulations. BIS is working with Census and the Department of Homeland Security's Customs and Border Protection (CBP) to incorporate validations (i.e., fatal errors that prohibit shipments or compliance alert messages that inform the exporter to confirm that its export data is complete and accurate) into the AES to eliminate many filing errors associated with export controls.

### ***Cases Escalated for Dispute Resolution***

Under Executive Order 12981, BIS's Operating Committee (OC) – with membership from the Departments of Commerce, Defense, Energy, and State – is tasked with resolving license applications where there is disagreement among the relevant U.S. Government agencies as to the appropriate licensing action. In Fiscal Year 2007, 147 cases were escalated to the OC for dispute resolution, a slight increase from Fiscal Year 2006. The average processing time for these cases was 17.2 days, down from 24.1 days in Fiscal Year 2006. Of these 147 cases, 25 were further escalated to the Assistant Secretary-level Advisory Committee on Export Policy (ACEP) for resolution.

During Fiscal Year 2007, the OC completed its office automation project, converting over 4,500 OC and ACEP case files and decisions to searchable electronic format. It also introduced its ACEP decision database that includes all ACEP policy decisions since Fiscal Year 2000. Licensing officers can draw upon these cases as precedent when they process new license applications and as they interact with their interagency colleagues, improving the consistent application of policy decisions.

### ***Deemed Exports***

BIS processed 1,056 deemed export license applications in Fiscal Year 2007, an increase of 22 percent over Fiscal Year 2006. The increase was due to several factors, including targeted outreach to industry, academia, and government research institutions, as well as the granting of several renewal and upgrade licenses to technology companies.

Most deemed export cases continue to involve the release of technology associated with the electronics (semiconductor

manufacturing), telecommunications, computer, and aerospace industries. Such technologies are principally controlled for national security reasons. Approximately 57 percent of the Fiscal Year 2007 deemed export licenses processed were for Chinese foreign nationals, followed in descending order by foreign nationals from India (10 percent), Russia (7 percent), Iran (6 percent), U.K. (5 percent), Italy (2 percent) and Germany (1 percent).

BIS also continued to implement its Deemed Export Compliance Review Program, under which BIS conducts focused reviews of



**Under Secretary Mario Mancuso meets with media during a press roundtable.**

deemed export license holders to ensure compliance with license conditions and uncover unauthorized releases of controlled technology. BIS conducted eight deemed export compliance reviews in Fiscal Year 2007.

### ***License Determinations***

License determinations (LD) are used to support enforcement actions connected with violations of the EAR. LDs serve as the basis for determining what license requirements, exceptions, and restrictions/prohibitions apply to a specific export transaction under enforcement review; and as evidence in criminal and administrative prosecutions of EAR

violations. LDs are utilized by BIS Export Enforcement to support analytic and investigative functions, as well as by the Department of Homeland Security to detain and seize items being exported in violation of EAR requirements. In Fiscal Year 2007, BIS updated its procedures related to the processing of the Federal Bureau of Investigation's requests for license determinations.

### ***Short Supply Controls***

BIS implements the statutorily mandated controls set forth in the Export Administration Act of 1979, as amended (EAA). The EAA authorizes the President to prohibit or curtail the export of goods "where necessary to protect the domestic economy from the excessive drain of scarce materials and to reduce the serious inflationary impact of foreign demand." In addition, BIS administers export controls under the Energy Policy and Conservation Act, the Mineral Leasing Act, the Naval Petroleum Reserves Production Act, the Outer Continental Shelf Lands Act, and the Forest Resources Conservation and Shortage Relief Act, as amended. BIS approved 22 licenses under these provisions for the export of crude oil in Fiscal Year 2007, amounting to nearly 316 million barrels, to be returned in an equivalent amount of refined product. No licenses were denied for crude oil; there were no license submissions for western red cedar or unprocessed timber. One license valued at \$5,000 was approved under the export control classification number for horses by sea.

Section 14(a)(13) of the EAA requires a report on any short supply monitoring program conducted pursuant to the EAA or Section 812 of the Agricultural Act of 1970. Information from the U.S. Department of

Agriculture on its monitoring activities during Fiscal Year 2007 is included in Appendix H of this report.

***New Validated End-User Program  
Special Comprehensive Licenses  
Internal Control Program Reviews  
Export Compliance Programs***

In an effort to streamline licensing procedures while protecting U.S. national security, BIS administers special license and authorization programs:

- In Fiscal Year 2007, BIS created a new authorization, the Validated End-User (VEU) authorization, which enables exporters and reexporters to send certain controlled items to specified end-users without first obtaining a BIS license. The Export Management and Compliance Division of the Office of Exporter Services (OExS) provides the initial review and analysis of these end-user validation requests to ensure the proposed VEU party has acceptable compliance programs in place and to ensure all required information is provided for subsequent review by the End-User Review Committee. In Fiscal Year 2007, OExS completed assessments of five end-user validation requests. OExS is also responsible for analyzing the required VEU annual reports and assessing compliance by the overseas VEUs with all requirements related to their validation. OExS will also assist potential VEU candidates in developing programs to comply with the VEU requirements.
- BIS conducted 13 reviews of Special Comprehensive Licenses (SCL) issued to qualified exporters and consignees in place of individual export licenses. Parties to an SCL must have appropriate

Internal Control Programs (ICP) that include procedures and safeguards to ensure that each export and/or reexport meets the terms and conditions of the SCL and is in accordance with applicable provisions of the EAR.

- In addition, BIS conducted three Export Management and Compliance Program (EMCP) reviews of corporate written compliance programs. An EMCP review consists of a comparison of a company's written compliance program procedures and internal controls against EMCP Guidelines as they relate to the company's export and/or reexport transactions.
- Eight full-day workshops on how to develop an EMCP manual were customized and presented to U.S. exporters during Fiscal Year 2007.

***Technical Reviews of Encryption Exports***

With the exception of certain encryption commodities and software that require a license to certain government end-users (such as "network infrastructure" products, source code, and products customized or tailored for government end-use or to customer specification), commercial encryption products that have met an upfront, 30-day technical review requirement may be exported and reexported to both government and non-government end-users outside the designated terrorist-supporting countries either under License Exception ENC "unrestricted" (§740.17(b)(3)) or consistent with the "mass market" encryption (§742.15(b)(2)) provisions of the EAR. Encryption technical reviews address a wide range of information technology (IT) products, including commodities and software for desktop and laptop computers, wireless

handheld devices and access points, database and other business software, virtual private networking, storage area networking, network protection, and telecommunications network infrastructure equipment.

In Fiscal Year 2007, BIS processed 2,696 technical review request applications for encryption items, including 538 applications for reviews of “mass market” encryption items. Most items submitted for review became eligible for export as “ENC Unrestricted” or “mass market” encryption commodities and software eligible for export and reexport without a license to both government and non-government end-users in most countries. Approximately 175 items were determined to be ENC Restricted products, including network infrastructure items and source code that require licenses to certain government end users.

BIS also approved approximately 1,300 license applications for the export or reexport of “restricted” encryption products (such as high-end routers and other network infrastructure equipment) and technology outside the U.S. and Canada, to non-sanctioned end-users outside Country Group E:1.

## **Goals for Fiscal Year 2008**

In Fiscal Year 2008, BIS will work to sustain and advance its efforts to process export license applications and related documents effectively and efficiently, while developing new avenues for exporters to enhance their compliance programs.

BIS will continue the export licensing training program for licensing officers by conducting various courses, briefings, and workshops related to specific licensing, policy and professional development areas.

BIS will further refine its license determination procedures to improve the timeliness of LD completion.

BIS will continue to develop and implement the service oriented architecture replacement for its legacy export control system, the Export Control Automated Support System Redesign ECASS-R. Stage 2 will replace the legacy Investigative Management System which is used by export enforcement staff.

Also, in Fiscal Year 2008, BIS will work with the Census Bureau and CBP to enhance exporter compliance with the EAR through additional validations to the AES.

## Chapter 3: Export Enforcement

### Mission

One of the top priorities of the Bureau of Industry and Security (BIS) is the enforcement of both the U.S. dual-use export control laws and regulations and the U.S. antiboycott regulations to encourage compliance, prevent and deter violations, disrupt illicit activities, and bring violators to justice. BIS achieves these important objectives through a law enforcement program focused on parties engaged in exports of sensitive commodities, software, and technology to end-uses, end-users and destinations of concern. Priority is given to violations involving Weapons of Mass Destruction (WMD) proliferation, terrorism and state support of terror, and unauthorized military end-uses. BIS also seeks to deter participation in prohibited foreign boycotts. BIS's Export Enforcement (EE) is an elite law enforcement organization recognized for its expertise, professionalism, and numerous accomplishments. BIS accomplishes its mission through preventive enforcement activities as well as by identifying and apprehending violators, pursuing appropriate criminal sanctions, and imposing administrative penalties including fines and denials of export privileges.

EE consists of the Office of Export Enforcement (OEE), the Office of Enforcement Analysis (OEA), and the Office of Antiboycott Compliance (OAC). Together with BIS's licensing officers, policy and legal staff, EE employees apply their law enforcement and export control expertise to prevent and deter exports of the most sensitive items to illicit end-users and uses, to embargoed destinations, and to ensure that parties involved in U.S. commercial transactions do not engage in prohibited boycott activities.

In addition to its Washington, D.C., headquarters, BIS maintains enforcement field offices in or near Boston, New York City, Chicago, Miami, Dallas, Houston, Los Angeles, San Jose, and Washington, D.C., and Export Control Officers (ECO) in U.S. Embassies and Consulates in Moscow, Beijing, Hong Kong, New Delhi, and Abu Dhabi.



**Assistant Secretary for Export Enforcement Darryl W. Jackson speaks with reporters at a news conference.**

### Accomplishments in Fiscal Year 2007

#### *Preventive Enforcement*

In Fiscal Year 2007, BIS continued emphasizing its preventive and compliance enforcement activity. BIS places the highest value on thwarting potential violations. In this regard, EE participated in the export licensing process by making appropriate recommendations on proposed export transactions, in some cases recommending the denial of export license applications to address enforcement concerns. EE agents regularly detained shipments suspected of constituting violations of the EAR, and in some significant cases, sought the issuance of Temporary Denial Orders intended to prevent imminent export violations. EE also provided the exporting community with an enhanced ability to comply with the export

control laws and regulations by flagging certain entities of concern, including those whose bona fides EE enforcement agents were unable to verify in the context of end-use checks conducted abroad (included on the Unverified List). EE agents also strove to prevent the exposure of certain foreign nationals to controlled technology by recommending denials of certain visa requests for visitors suspected of targeting controlled technology. Other types of preventive enforcement activity include issuing warning letters, monitoring compliance with the conditions on particular export licenses, and outreach to educate industry on the importance of implementing export compliance programs.



**Left to Right: Ned Weant, Director of the Office of Antiterrorism Compliance, Kevin Delli-Colli, Deputy Assistant Secretary for Export Enforcement, and Glenn Krizay, Director of the Office of Enforcement Analysis, meet with exporters.**

End-use checks continue to play a valuable preventive enforcement role in confirming the bona fides of end-users, ensuring that targeted commodities will be properly used or have been properly used as authorized and monitoring compliance with license conditions. BIS end-use checks also have uncovered improper or unauthorized re-exports or diversions of items subject to BIS jurisdiction. In Fiscal Year 2007, BIS completed 854 end-use checks in over 80 different countries; this included 310 Pre-License Checks (PLC) and 544 Post-

Shipment Verifications. Approximately 35 percent of these checks were completed by our Export Control Officers based at various embassies around the world, and almost 30 percent were completed during nine trips conducted by BIS Sentinel Teams--Special Agents deployed from the United States to assess the suitability of foreign end-users. BIS used the results of these negative checks to prevent exports to unsuitable end users and to take enforcement action, ranging from recommending rejection of subsequent license applications involving these entities to referring the results to BIS Special Agents for further investigation and possible prosecution.

In certain cases, BIS could not make a recommendation on end-use checks because the U.S. Government was unable to conduct the check or was otherwise unable to verify the existence or authenticity of the bona fides of the transaction. In such situations, BIS considered those entities for potential inclusion on the BIS Unverified List. Based on the results of end-use checks conducted in Fiscal Year 2007, BIS added 17 entities to the Unverified List. BIS added 14 new entities in October 2006 and another three entities in July 2007. Entities listed on the Unverified List are intended to serve as “red flags” to exporters and re-exporters dealing in items subject to BIS jurisdiction.

BIS completed a significant number of additional preventive enforcement actions in Fiscal Year 2007, including the issuance of 159 warning letters; 122 detentions, 9 seizures, Temporary Denial Orders against four persons and three companies; related parties orders against 15 persons; 10 denials under Section 11(h) of the EAA (which authorizes denial of export privileges of parties convicted of criminal export offenses other than the EAA); and 1,687 outreach contacts with industry.



On June 5, 2006, BIS issued General Order No. 3 in Part 736 of the EAR, which imposes a license requirement for exports and reexports of all items subject to the EAR to Mayrow General Trading in the United Arab Emirates (UAE) and related persons. BIS and other U.S. Government entities had reason to believe that these persons had acquired or attempted to acquire U.S.-origin electronics components that were capable of being used in Improvised Explosive Devices (IED). IEDs have been used against U.S. and Coalition Forces in Iraq and Afghanistan. The General Order affords BIS the opportunity to review proposed export transactions with Mayrow and related persons to ensure that those transactions are consistent with the security interests of the United States and its armed forces overseas. It also provides a basis for actions to detain items being shipped to Mayrow and related persons in violation of the General Order, as well as for criminal and administrative prosecution of persons attempting to export to Mayrow and related persons in violation of the General Order. The order was amended in September 2006 to include specific additional persons related to Mayrow, and again in June 2007, when the order was expanded to also cover any other persons regarding whom the U.S. Government has information concerning the acquisition or attempted acquisition of commodities capable of use in the construction of IEDs.

### ***Penalties***

BIS investigations in Fiscal Year 2007 resulted in the criminal conviction of 16 individuals and businesses for export violations. The penalties for these convictions came to over \$25.3 million in criminal fines, over \$1.4 million in forfeitures, and 324 months of

imprisonment; compared to 33<sup>2</sup> convictions and over \$3 million in criminal fines in Fiscal Year 2006. In Fiscal Year 2007, BIS investigations resulted in the completion of 75 administrative cases against individuals and businesses and over \$6 million in administrative penalties, as compared to 104 cases and over \$13 million in administrative penalties in Fiscal Year 2006. These penalties include 10 cases and \$194,950 for antiboycott violations in Fiscal Year 2007, as compared to 9 cases and \$95,950 in Fiscal Year 2006.

### ***Significant Dual-Use Investigations***<sup>3</sup>

BIS continued to prioritize its enforcement efforts for Fiscal Year 2007 based on the most significant dual-use export enforcement threats facing the United States. BIS focused its efforts and resources on the highest impact investigations and enforcement actions involving those priorities. BIS had considerable success in pursuing such cases in Fiscal Year 2007, including:

#### *WMD Proliferation*

*Industrial Furnace to China:* On October 4, 2006, William Kovacs, president of Elatec Technology Corporation, Boxford, Massachusetts, was sentenced to 12 months and one day in prison, three years supervised release, and 300 hours of community service in connection with the export of an

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<sup>2</sup> The Annual Report for Fiscal Year 2006 reported that BIS investigations resulted in 34 criminal convictions. During Fiscal Year 2007, one of those convictions was overturned on appeal. Therefore, the revised number of criminal convictions for Fiscal Year 2006 is 33.

<sup>3</sup> A summary of export control cases resulting in convictions and/or administrative penalties in Fiscal Year 2006 is included as Appendix D of this report.

industrial furnace to a proliferation entity of concern in China. On May 28, 2004, Kovacs pled guilty to charges that he conspired to violate U.S. export licensing requirements in connection with this export. Elatec's export license application for this transaction had previously been denied by BIS due to missile technology concerns. An associate, Stephen Midgley, separately pled guilty on January 10, 2005, to stating falsely in export documents that the furnace did not require an export license when the item was shipped to China. Midgley was sentenced to one year probation, 120 hours of community service and a \$1,500 criminal fine. BIS assessed Midgley a \$5,000 (\$4,000 suspended) administrative penalty as part of an agreement with Midgley to settle charges related to this unlicensed export.

#### Terrorism/State Sponsors of Terror

*Aircraft Parts to Iran:* On July 30, 2007, Ali Khan, owner of TurboAnalysis, Phoenix, Arizona, was sentenced in U.S. District Court, Eastern District of New York, in connection with his role in a conspiracy to illegally export aircraft components to Iran. Khan was sentenced to five years probation, 300 hours of community service, \$1.4 million forfeiture, and a \$100,000 criminal fine. Khan had previously pled guilty to one count of conspiracy in violation of Title 18 U.S.C. Section 371. Khan also paid an \$110,000 administrative fine pursuant to a Final Order signed on August 8, 2005, in connection with the aforementioned shipments. Another defendant in this investigation, Ernest Koh, was found guilty of violating the International Emergency Economic Powers Act (IEEPA), as well as conspiracy and money laundering violations, on May 18, 2006. On October 13, 2006, Koh was sentenced to 52 months in prison for his role in the export of aircraft parts to Iran.

*Infocom Corporation:* During Fiscal Year 2007, sentences were imposed on Infocom Corporation and numerous principals for financial transactions with a Specially Designated Terrorist listed as a high ranking official of the terrorist organization Hamas, and conspiracy to export computers and computer equipment to Libya and Syria. The corporation was sentenced to two years probation; and Ghassan and Basman Elashi were sentenced to 80 months imprisonment respectively. Two other Infocom principals had been sentenced earlier in the year with Hazim Elashi receiving 60 months imprisonment, two years probation, and deportation from the United States; and Ihsan Elashi receiving 72 months imprisonment and two years probation. At the time of his sentencing, Ihsan Elashi had already been serving a 48 month prison sentence following his 2002 conviction for violating a BIS Temporary Denial Order. OEE conducted this investigation as a member of the North Texas Joint Terrorism Task Force.

#### Other Priorities

*Attempted Export to China:* In December 2006, William Lam was sentenced in U.S. District Court in the District of Connecticut to serve 14 months in prison, two years of supervised release, and ordered to forfeit \$17,130 used to purchase high-technology equipment intended to be illegally exported to the People's Republic of China (PRC). In December 2006, Lam had traveled to the United States to purchase sensitive export controlled night vision equipment and rifle scopes for the purpose of diverting the items to the PRC. He was subsequently arrested pursuant to this attempt and pled guilty to the associated charges.



*Exports of items for use in missile testing to Chinese Entities:* On May 16, 2007, Data Physics Corporation of San Jose, California, agreed to a five-year denial of export privileges to China and a \$55,000 civil penalty to settle allegations that the company knowingly exported vibration testing equipment without the required BIS licenses to two organizations in China that are set forth on BIS's Entity List. The two organizations were end-users of missile proliferation concern. The company's president, Sri Welaratna, in his individual capacity, also settled charges by agreeing to a \$55,000 civil penalty and a five-year suspended denial of export privileges to China. The company and Welaratna also settled charges pertaining to the making of a false statement on the Shipper's Export Declaration (SED). Data Physics and Welaratna had previously been subject to a Temporary Denial Order that was issued on May 23, 2006, in connection with knowingly making exports to end-users in China engaged in the development and testing of missiles systems.

### ***Antiboycott Activities***

During Fiscal Year 2007, ten companies agreed to pay civil penalties totaling \$194,500 to settle allegations they violated the antiboycott provisions of the EAR. Most of the settlements reached during the Fiscal Year involved alleged violations of the prohibition against furnishing information about business relationships with or in Israel, or with companies on boycotting countries' blacklists. Other settlements involved failure to report receipt of requests to engage in restrictive trade practices or boycotts.<sup>4</sup>

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<sup>4</sup>Additional antiboycott data can be found in Appendix E of this report.

In Fiscal Year 2007, BIS's OAC responded to 1,097 requests from companies for guidance on compliance with the antiboycott regulations. During the same period, BIS officials made 16 public presentations on the antiboycott regulations to exporters, manufacturers, financial services institutions, freight forwarders, and attorneys involved in international trade. BIS also provided extensive counseling to individual companies with specific boycott problems.

In July 2007, BIS issued an amendment to the EAR that added provisions addressing the filing of voluntary self-disclosures pertaining to antiboycott violations and settlement guidelines for administrative antiboycott cases. The penalty guidelines provision sets forth the factors that BIS considers when deciding whether to pursue administrative charges or settle allegations of such violations as well as the factors that BIS considers when deciding what level of penalty to seek in administrative antiboycott cases.

### **Goals for Fiscal Year 2008**

In Fiscal Year 2008, BIS will continue to focus its enforcement efforts on the most egregious dual-use and antiboycott violations; refine its performance metrics to ensure its efforts and resources are directed at the highest-impact cases involving the most significant threats; and increase its targeted outreach efforts. In addition, BIS will partner with other agencies in sensitive cases through participation in the recently announced Department of Justice Export Enforcement Counter Proliferation Task Force.

BIS's efforts will be facilitated as necessary through use of the newly enhanced penalties provided under the International Emergency

Economic Powers Enhancement Act of 2007 (IEEPA Enhancement Act), which significantly increases potential penalties for both civil and criminal export and antiboycott violations. In the administrative context, the IEEPA Enhancement Act authorizes BIS to impose a civil penalty of \$250,000, or twice the value of the transaction that forms the basis of the violation, whichever is greater. These new civil penalties apply to administrative enforcement actions pending or commenced on or after October 16, 2007. In the criminal context, violators may be fined up to \$1 million or imprisoned for up to 20 years. These new criminal penalties apply to criminal enforcement actions commenced on or after October 16, 2007.

BIS will continue to ensure that each segment of the exporting community is aware of the antiboycott provisions of the EAR. BIS educates U.S. businesses on how to avoid violating these provisions, particularly their application to the Arab League boycott of Israel. To this end, BIS focuses its outreach and education efforts on industries that are most likely to be adversely impacted by this unsanctioned foreign boycott. BIS will continue to collaborate with other governmental agencies that are seeking to remove this impediment to U.S. trade. In addition, BIS will maintain its increased focus on intentional violations of the antiboycott provisions of the EAR by businesses seeking an unfair competitive advantage.

## Chapter 4: Industry Outreach Activities

### Mission

Achieving BIS's goal of increasing the efficiency and effectiveness of the export control system requires a true partnership between the government and the private sector. U.S. firms must be the first line of defense against the diversion of sensitive items into the wrong hands. To help forge this partnership with industry, BIS conducts an extensive outreach program through which BIS provides timely information to U.S. industry regarding export controls and compliance with the EAR.

### Accomplishments in Fiscal Year 2007

BIS engaged industry in Fiscal Year 2007 through domestic seminars and conferences and increased public-private partnerships, international outreach, on-line webinars, and other targeted programs.

#### *Seminars and Conferences*

In Fiscal Year 2007, BIS reached more than 5,112 people through 49 domestic export control outreach seminars conducted in 18 states. These seminars provided guidance to new and experienced exporters regarding the EAR, changes in export policy, and licensing procedures. These programs included one-day seminars addressing the major elements of the U.S. dual-use export control system and intensive two-day programs that provided a comprehensive presentation of exporter obligations under the EAR. More than 91 percent of attendees rated the seminars either "good" or "excellent."

BIS held its 20<sup>th</sup> annual Update Conference on Export Controls and Policy in October 2007. Every year, the Update Conference brings together government officials and industry representatives to discuss new U.S. export control policies, regulations, and procedures. Update 2007, held in Washington, D.C., attracted over 1,000 participants.



**BIS held 49 export control outreach seminars across the United States in Fiscal Year 2007.**

In Fiscal Year 2007, BIS again offered a program called the Export Control Forum. This one-day seminar was developed to meet the demand for an Update-like program on the West Coast. More than 330 participants attended the conference in southern California in March.

BIS began offering webinars in Fiscal Year 2007, the first electronic training forum of its kind for BIS, in association with the Department of Commerce/U.S. and Foreign Commercial Service (US&FCS) Office of Marketing and Communications. These webinars generated considerable interest and high participation, which has led to the planned development of future webinars on topics relevant to the exporting community. On May 15, 2007, over 1,200 participants joined BIS for its inaugural webinar entitled, "An Introduction to Commercial Export Licensing Requirements." On June 20, 2007, more than 700 participants joined

DAS Matt Borman for a webinar presentation and question/answer session on the revised export control policy for China. Over 400 participants joined BIS for a webinar on deemed exports on August 29, 2007. Each webinar was recorded and is archived on



**Deputy Assistant Secretary of Commerce for Export Administration Matthew S. Borman.**

BIS's website, along with the related slide presentation, for future viewing. In Fiscal Year 2007, there were close to 3,000 viewings of these archived webinar videos and over 15,000 downloads of the accompanying webinar slides.

For Fiscal Year 2008, BIS plans to continue to work with the US&FCS Office of Marketing and Communications to present more webinars on export control topics of interest to the exporting community. The first webinar in Fiscal Year 2008 was a Spanish-language version of "An Introduction to Commercial Export Licensing Requirements" which took place October 18, 2007.

In addition to BIS seminars, webinars, and annual conferences, BIS worked with a number of public and private-sector organizations to introduce the mission and services of BIS to audiences in specific business and technology sectors. These partnerships also provide additional insight into technology and market developments in

key sectors of the economy. BIS's Office of Exporter Services supported 29 such programs, which reached more than 2,000 people through formal conference presentations.

BIS supports the interagency Trade Promotion Coordinating Committee (TPCC) as part of its U.S. Export Pavilion and Trade Officer Training Conference. In Fiscal Year 2007, BIS participated in three trade shows, one of which was under the auspices of the TPCC. BIS also supports the TPCC's week-long Trade Officer's Training Conferences held several times a year in Rosslyn, Virginia.

BIS also conducted two international export control outreach seminars in Fiscal Year 2007. These seminars provided important export control information to companies in other countries that use U.S.-origin parts and components for manufacturing and assembly; companies that use U.S.-origin systems, software, or technology to develop foreign-made products; and companies that reexport U.S.-origin items.

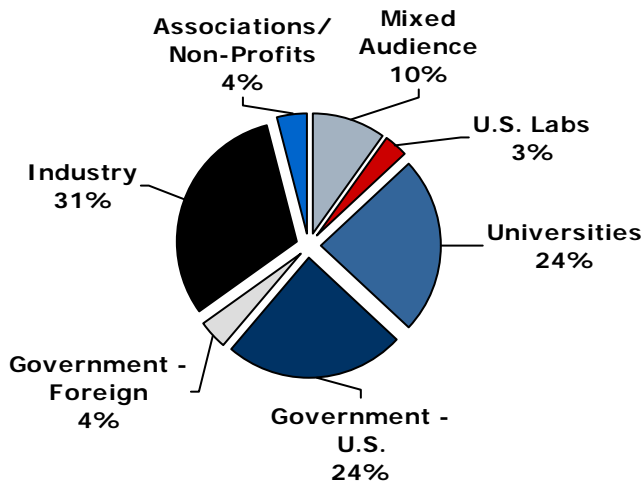
On January 29-30, 2007, BIS participated in the U.S.-China High Technology and Strategic Trade Seminar in Shenzhen, China. BIS Assistant Secretary Christopher Padilla gave the keynote address and Chinese Ministry of Commerce representatives made presentations. Additionally, BIS speakers discussed the U.S. export control system, the EAR, the proposed China rule and other export control issues. Approximately 300 participants attended the seminar.

On February 1, 2007, BIS and the US&FCS co-hosted a U.S. reexport controls seminar in Tokyo, Japan. The BIS team addressed the U.S. export control system, the EAR, encryption controls, deemed exports and

reexports, and updated country policy. An Office of Foreign Assets Control representative and Directorate of Defense Trade Controls representative presented alongside BIS's team. Approximately 340 participants attended. The seminar was followed up with 30 one-on-one consultations with program attendees on February 2. The team also made a courtesy visit to the Ministry of Economy, Trade and Industry (METI).

**Targeted Outreach**

In Fiscal Year 2007, BIS provided targeted outreach on topics of specialized interest. The Deemed Exports and Electronics Division participated in 113 activities to educate participants on the national security interests and regulatory requirements associated with the transfer of sensitive technologies to foreign nationals present in the United States. The pie chart below illustrates the break-out of deemed export outreach targets.



In Fiscal Year 2007, BIS developed a targeted outreach plan to expand its deemed export related training focus. BIS will continue to work towards plan

implementation in Fiscal Year 2008. This outreach plan is meant to serve as a practical guide, but it is also dynamic and may need to be adjusted based on the findings and recommendations contained in the final report of the Deemed Export Advisory Committee. The Committee has reported to the Secretary of Commerce, and BIS is taking action in response to those findings and recommendations.

In addition, BIS continued to focus on the enforcement aspects of deemed export compliance and expanded outreach efforts involving individuals and companies not previously participating in the U.S. export control system through submission of applications for export licenses. In Fiscal Year 2007, BIS conducted 42 deemed export enforcement outreach contacts and over 1,000 export enforcement outreaches to individuals and companies that have not previously submitted license applications.

BIS also continued its outreach to the freight forwarding community in Fiscal Year 2007 by conducting outreach presentations to freight forwarders and national forwarding associations.

**International Cooperation Programs**

BIS works to assist nations in developing or strengthening the global export control system to prevent the spread of weapons of mass destruction and their means of delivery. The goal, as set forth in substantial part in United Nations Security Council Resolution 1540, is for each nation to develop an export control system that is compatible with international standards. By targeting gaps between national systems and accepted international export control standards, BIS not only addresses issues of proliferation concern and other transnational threats such as terrorism, but also helps to

bring about a more secure trade environment that takes into account market realities and the impact of technological development. BIS meets these objectives through a combination of bilateral exchanges, multilateral conferences, and international policy initiatives.

During Fiscal Year 2007, BIS worked with an interagency group of U.S. experts in or with several countries of significance in the global supply chain including, the United Arab Emirates, Malaysia, Morocco, and Thailand. BIS also conducted workshops in Washington, D.C., and Ottawa, Canada, as part of President Bush's Security and Prosperity Partnership of North America (SPP). The SPP was established in March 2005, for Canada, Mexico, and the United States in part to assist their efforts to align their export control systems and otherwise facilitate secure trade in the region.

### ***Project Guardian***

BIS maintains a constructive and cooperative relationship with the business community through outreach programs sponsored by BIS's Export Enforcement (EE) arm. BIS's Project Guardian focuses on specific goods and technologies that illicit proliferation networks actively seek to acquire. BIS contacts U.S. manufacturers and exporters of these goods and technologies to apprise them of the acquisition threat and to solicit cooperation in identifying and responding to suspicious foreign purchase requests. EE conducted 74 Project Guardian outreach contacts in Fiscal Year 2007.

### ***Counseling***

BIS regulatory specialists assisted approximately 51,000 business representatives in one-on-one counseling

sessions through its telephone counseling program at BIS's Outreach and Educational Services Division in Washington, D.C., and the Western Regional Office in California. Through this program, BIS provides guidance on regulations, policies, and practices and helps to increase compliance with U.S. export control regulations.

BIS's e-mail notification program provides exporters with information about BIS seminars and training programs. The program continues to grow with more than 10,500 participants signed up to receive monthly e-mails on upcoming BIS outreach events. In addition, exporters may sign up on the BIS website, <[www.bis.doc.gov](http://www.bis.doc.gov)>, to receive e-mail notification of website changes, regulations, press releases, and other information relating to the administration of export controls.

BIS has published numerous export control related brochures in print format. In Fiscal Year 2007, there were over 200,000 downloads from BIS's website of these various brochures, including "Know the Facts Before You Ship: A Guide to Export Licensing Requirements" which targets those new to exporting, an "Introduction to the Commerce Department's Export Controls," and "Guidance on the Commerce Department's Reexport Controls."

### **Goals for Fiscal Year 2008**

In Fiscal Year 2008, BIS plans to continue the important work of outreach to the business community and the general public. Specifically, BIS plans to schedule approximately 50 programs at various locations around the country in addition to the annual Update Conference on Export Controls and Policy in Washington, D.C., and the Export Control Forum in California and to continue targeted outreach in critical

areas such as deemed exports and encryption. Work is also already underway on export control seminars in Japan, Hong Kong, Malaysia, and Singapore as part of BIS's commitment to increasing its international outreach efforts. Finally, BIS will continue offering webinars on targeted export control topics to the exporting community.

To coordinate with the publication of BIS's proposed Additional Protocol regulations, BIS plans to conduct a number of industry outreach activities on the Protocol Additional to the United States-International Atomic Energy Agency Nuclear Safeguards Agreement (U.S. Additional Protocol or AP).

## **Chapter 5: International Regimes and Treaty Compliance**

### **Mission**

BIS's mission includes not only maintaining and strengthening an adaptable and effective U.S. export control and treaty compliance system, but also integrating non-U.S. actors to create a more effective global export control and treaty compliance system. Consequently, BIS works to strengthen multilateral coordination and compliance with multilateral export control regimes and relevant treaties.

BIS plays an important role in the U.S. Government's efforts to develop and refine the control lists and operational guidelines for the four major nonproliferation regimes: the Australia Group (chemical and biological weapons), the Missile Technology Control Regime, the Nuclear Suppliers Group, and the Wassenaar Arrangement (conventional arms and related dual-use items).

BIS also administers the industry compliance program for the Chemical Weapons Convention (CWC), which bans the development, production, stockpiling, and use of chemical weapons and provides for an extensive verification regime to ensure adherence to its terms. In addition, BIS works actively with other CWC States Parties and the Technical Secretariat of the Organization for the Prohibition of Chemical Weapons to ensure that all 182 States Parties to the CWC are implementing the provisions of the CWC in a rigorous, analytically sound, and equitable manner.

### **Accomplishments in Fiscal Year 2007**

#### **Multilateral Export Control Regimes**

##### *Australia Group*

The Australia Group (AG) was formed in 1985 to help stem the proliferation of chemical and biological weapons through harmonized export controls. The AG now includes 40 countries and the European Union.

In Fiscal Year 2007, the AG participants reaffirmed the Group's commitment to assisting countries in meeting their United Nations Security Council Resolution (UNSCR) 1540 obligations to establish effective laws to prevent chemical, nuclear, and biological weapons proliferation. At the 2007 AG Plenary meeting, held June 4-7, the AG welcomed Croatia as a member because Croatia has successfully implemented domestic controls on technology related to chemical and biological agents. As part of the AG's ongoing effort to keep its control lists up to date and scientifically relevant, participants agreed to amend the AG list on animal pathogens to clarify the coverage of controls on mycoplasma mycoides. In addition, the AG decided to clarify the factors taken into consideration for the addition of chemicals to the control lists. The AG welcomed measures by participants to broaden their review of export transactions and agreed that participants should consider activities of brokers and intermediaries as factors in determining whether to grant an export license. The AG also adopted enhanced measures to handle Intangible Technology



Transfers. International acceptance of AG controls and practices is a direct result of the AG's extensive outreach to non-members and other international organizations. At the Plenary meeting, the AG agreed to continue an active outreach program in 2007-2008.

### ***Missile Technology Control Regime***

The United States has been a member of the Missile Technology Control Regime (MTCR) since its inception in 1987. The MTCR currently includes 34 member countries that have agreed to coordinate their national export controls to prevent missile proliferation.

In October 2006, the MTCR held its annual Plenary in Copenhagen, Denmark. The group discussed the direct relevance of UNSCRs 1695 (North Korea) and 1696 (Iran) to MTCR export controls and agreed to practical measures to implement these resolutions. Discussions also focused on intangible transfers of MTCR technology, outreach to non-members, regional non-proliferation, and membership issues.

The MTCR also held a Technical Experts meeting in conjunction with the Plenary to discuss additional changes to the MTCR control list. The Technical Experts discussed over 32 proposals and papers, and reached consensus on new controls on magnetic heading sensors, and polymeric substances used for propellants. They also clarified existing controls on gyroscopes, rocket motor test stand parameters, and numerous other items.

In addition, the MTCR also held a Technical Expert Meeting (TEM) in Oslo, Norway, in March 2007 to discuss additional changes to the MTCR control list. Attendees discussed issues left unresolved from the October Plenary and TEM. A major topic of

discussion continues to be how best to control certain unmanned aerial vehicles and cruise missiles.

### ***Nuclear Suppliers Group***

The NSG is a multilateral export control regime that was formally established in 1992 and now includes 45 members. The regime seeks to impede the proliferation of nuclear weapons through the implementation of guidelines for the control of nuclear and nuclear-related exports. Members pursue the aims of the NSG through voluntary adherence to the NSG Guidelines, which are adopted by consensus and through exchanges of information on development of nuclear proliferation concern.

On October 11-12, 2006, the NSG held the thirteenth meeting of the NSG Consultative Group in Vienna, Austria. The NSG discussed questions and concerns regarding civil nuclear cooperation with Indian officials and planned additional future discussions regarding concerns about sequencing, safeguards, and the overall impact on the nonproliferation regime of any civil nuclear cooperation with India. The NSG also discussed the adoption of the International Atomic Energy Agency Additional Protocol (AP) as a condition of supply for trigger list items, and tightening controls on transfers of enrichment and reprocessing technology.

The NSG held its Plenary, Consultative Group, and related meetings in Cape Town, South Africa, on April 13-18, 2007. The Consultative Group made progress on some outstanding issues including controls on stable isotope separation equipment and machine tools and other procedural matters, and agreed to keep on future agendas the Presidential proposals to adopt the AP as a condition of supply and tightening controls

on transfers of enrichment and reprocessing technology.

The U.S. delegation briefed the Group on the status of the U.S.-India Civil Nuclear Initiative. In addition, members discussed the nuclear programs of North Korea and Iran, and the related UNSCRs 1718, 1737, and 1747. All members agreed that the NSG provides a valuable forum for sharing information regarding individual countries' implementation of these resolutions and remain committed to discussion of the role that the NSG should play in respect to these resolutions.

### ***Wassenaar Arrangement***

The Wassenaar Arrangement (Wassenaar) is a multilateral arrangement addressing export controls on conventional arms and sensitive dual-use goods and technologies.

Wassenaar was founded in 1996 to replace the East-West technology control program under the Coordinating Committee (COCOM) regime that ended in 1994.

Wassenaar was designed to promote transparency, the exchange of views and information, and greater responsibility in transfers of conventional arms and dual-use goods and technologies. Through their national policies, Wassenaar members seek to ensure that transfers of dual-use goods and technologies do not contribute to the development or enhancement of military capabilities that undermine international or regional security and stability. They also seek to ensure that such goods and technologies are not diverted to support those capabilities. Wassenaar does not target any state or group of states. All measures undertaken with respect to Wassenaar are in accordance with national legislation and policies of member countries,

and are implemented on the basis of national discretion.

Wassenaar members undertake to maintain effective export controls for the items on its agreed control lists, which are reviewed periodically to respond to technological developments. Wassenaar's specific information-exchange requirements involve semi-annual notifications of arms transfers, covering eight categories derived from the UN Register of Conventional Arms. Members are also required to report approvals, transfers, and denials of certain controlled dual-use goods and technologies. Reporting denials helps to bring to the attention of member countries attempts to obtain strategic items that may undermine the objectives of Wassenaar.

During Fiscal Year 2007, there were several accomplishments within Wassenaar, reflecting the changing nature of technology and the threat to global security. The 2006 Plenary marked the tenth anniversary of the Wassenaar Arrangement. The Plenary brought together the 40 Participating States of the Arrangement. With the added participation of South Africa, Wassenaar now enjoys representation from all continents. Wassenaar members reiterated that the Arrangement is open on a global and non-discriminatory basis to prospective adherents that comply with the agreed criteria.

In order to keep pace with advances in technology, market trends, and international security developments, such as the threat of terrorist acquisition of military and dual-use goods, Wassenaar members agreed to a number of amendments to the control lists, including some in technically complex and challenging areas. Notable were revisions to Category 1 ("Materials") in which controls were updated for superconductive composite

conductors and Category 3 (“Electronics”) in which there was a decrease in controls for analog-to-digital converters widely used in a broad range of commercial activity, such as cellular systems, digital radios, or medical equipment. Also notable was the elimination of the Composite Theoretical Performance-based controls that focus the controls on high-performance microprocessor and Digital Signal Processing core technologies. The changes are designed to maintain control over leading edge technology, while decontrolling older less-threatening technology. In Category 6 (“Sensors and Lasers”), the control text on lasers was completely revised. This revised text shifts the emphasis from technology-based controls to performance-based controls that are not generally tied to the specific type of laser. The Plenary also agreed to initiate a dialogue between the Wassenaar Experts Group and its counterpart in the Missile Technology Control Regime with a view to discussing the control of specific items.

Apart from the work on control lists, and in consideration of growing international concerns about unregulated intangible transfers, such as by oral or electronic means, of software and technology related to conventional weapons and dual-use items, the Plenary adopted a best practice document. The Plenary also approved a document of *Best Practice Guidelines for the Licensing of Items on the Basic List and Sensitive List of Dual-Use Goods and Technologies*, which is intended to assist members in their implementation of effective export controls through guidance on the use of general licenses and license exceptions.

Wassenaar members continue to place a high priority on transparency and outreach to non-member states and international

organizations, with the aim of promoting robust export controls. Over the past year, Wassenaar conducted outreach to a number of non-members, and Wassenaar members also undertook outreach in their national capacities.

The Plenary reaffirmed the commitment of Wassenaar members to take all appropriate measures to ensure effective implementation of all UNSCR provisions relevant to the purpose of the Arrangement.

Fiscal Year 2008 will be an assessment year for Wassenaar. The Plenary established a framework for evaluating the overall functioning of the Arrangement. This framework will guide the Arrangement in weighing its response to existing challenges to the export control regime, as well as its preparedness for emerging challenges. In addition, the Plenary established several task forces to assist in its review process.

## **Treaty Compliance**

### ***Chemical Weapons Convention***

The United States ratified the Convention on the Prohibition of the Development, Production, Stockpiling, and Use of Chemical Weapons and their Destruction (known as the Chemical Weapons Convention or CWC) on April 25, 1997. Thus far, 182 states have become States Parties to the CWC.

The CWC bans the development, production, stockpiling, or use of chemical weapons by its signatories and provides for an extensive verification regime to ensure compliance. Its verification functions are the responsibility of the Organization for the Prohibition of Chemical Weapons (OPCW). Approximately 200 inspectors, drawn from the States Parties, inspect military and

industrial chemical facilities throughout the world to verify compliance with the CWC's nonproliferation provisions.

The CWC requires certain commercial chemical facilities to submit data declarations that include information on chemical production, processing, and consumption activities. In the United States, BIS compiles this information and forwards it to the OPCW Technical Secretariat (TS), which is charged with carrying out verification functions under the CWC. As of August 2007, the OPCW TS had conducted 1,247 routine inspections at commercial and other related sites in 79 countries.

During Fiscal Year 2007, BIS received and verified 767 declarations and reports from 580 plant sites. BIS also hosted eight on-site inspections of U.S. facilities engaged in chemical-related activities. Four of the eight on-site inspections were sequential inspections. The OPCW Technical Secretariat inspected two separate U.S. facilities during the same visit to the United States. In addition to inspection activities, BIS conducted one requested site assistance visit (SAV) to U.S. industry in preparation for OPCW TS inspections, and provided advice on methods for identifying and protecting confidential business and national security information.

On March 28, 2007, BIS published a final rule establishing a new expedited declaration form ("Change in Inspection Status" Form) for Unscheduled Discrete Organic Chemical (UDOC) facilities that are declared and inspectable during the current year, but which anticipate they will not be inspectable in the next calendar year. This rule also clarifies the scope of the U.S. CWC Regulations (CWCR) records review and recordkeeping requirements.

In December 2006, BIS participated in the first China-U.S. Consultations on the Implementation of the Chemical Weapons Convention, in The Hague, the Netherlands. The Chinese requested bilateral consultations with the United States on a variety of industry implementation issues, such as import and export controls for chemicals on the CWC schedules, CWC declarations, and inspection-related issues. The Consultations also included discussions on U.S. Abandoned Chemical Weapons (CW) and follow-up questions regarding China's CW Declaration. The Consultations were highly successful and both States Parties agreed to additional consultations on industry implementation issues in the future.

During Fiscal Year 2007, the United States introduced the Global Chemical Industry Compliance Program (GC-ICP) to the States Parties at the OPCW 11th Conference of States Parties. BIS developed this simple, five-step program to assist chemical industries in complying with the CWC and related national implementation obligations. BIS representatives distributed several hundred copies (booklets and CDs) of the GC-ICP as well as the earlier Implementation Assistance Program (in English, French, and Spanish), which BIS designed in cooperation with the Government of Romania to help governments seeking to meet their CWC implementation requirements.

### ***U.S. Additional Protocol to the IAEA Safeguards Agreement***

The U.S. Government signed the Additional Protocol to the U.S.-IAEA Safeguards Agreement in 1998. The Additional Protocol enhances the IAEA's capabilities to detect proliferation activities by expanding state declaration and inspection requirements to the entire nuclear fuel-cycle.

The Senate ratified the U.S. Additional Protocol on March 31, 2004. In December 2006, Congress passed and the President signed legislation necessary to implement the Additional Protocol.

BIS is the lead agency for all subject commercial activities and locations not licensed by the Nuclear Regulatory Commission (NRC) or a NRC Agreement State, such as equipment manufacturing, public and private research and development, imports of specially designed equipment, and hard-rock uranium mines. In addition to collecting declarations from U.S. industry, BIS anticipates it will operate an Additional Protocol Reporting System to process BIS and NRC declarations and aggregate all agency information into a U.S. national declaration for transmission to the IAEA.

Now that legislation to implement the U.S. Additional Protocol has been enacted, BIS is preparing to promulgate implementing regulations and work with relevant U.S. Government agencies in order to finalize the roles and responsibilities of lead agencies. BIS also plans to conduct a number of industry outreach activities once we publish Additional Protocol regulations in the *Federal Register*.

## **Goals for Fiscal Year 2008**

### ***Multilateral Export Control Regimes***

In Fiscal Year 2008, BIS will work to expand outreach activities, combat terrorism through more effective awareness of and clarity in the definition of controls of chemicals and biological items, and continue discussing means to strengthen review of export transactions and information sharing in the AG.

### ***Treaty Compliance***

In Fiscal Year 2008, BIS plans to publish a proposed rule that would require mandatory electronic submission of CWC industry declarations through BIS' Internet-based system. Also, BIS plans to facilitate more sequential inspections at U.S. chemical facilities and to host a CWC inspection involving sampling and analysis for undeclared CWC-scheduled chemicals.

## **Chapter 6: U.S. Defense Industrial Base Programs and Advocacy Activities**

### **Mission**

BIS's mission includes supporting continued U.S. technology leadership in industries that are essential to U.S. national security. BIS seeks to fulfill this mission by securing timely delivery of products for national defense, emergency preparedness, and critical infrastructure programs; working with U.S. industry and interagency partners to support the sale of U.S. defense products overseas; reviewing foreign investments in the United States that may impact U.S. national security; and implementing programs and conducting critical technology and industrial base assessments to help ensure that the U.S. defense industrial base has the capacity and capability to meet current and future national security, economic security, and homeland security requirements.

### **Accomplishments in Fiscal Year 2007**

#### ***Administering the Defense Priorities and Allocations System***

BIS's administration of the Defense Priorities and Allocations System (DPAS) continues to play an important role in supporting the deployment of U.S. and allied forces in Afghanistan and Iraq, in meeting critical national defense and homeland security requirements, and in facilitating recovery from natural disasters. In Fiscal Year 2007, in cooperation with the Department of Defense, BIS continued its

support of American and coalition troops by expediting the delivery of critical items in support of operations in Afghanistan and Iraq. BIS also worked closely with the Department of Defense to ensure that the United States' Mine Resistant Ambush Protected Vehicle Program received the highest industrial base priority support in accordance with the DPAS regulation.

In addition, in cooperation with the Department of Homeland Security, BIS expedited the delivery of equipment to support national emergency preparedness, critical infrastructure protection, and domestic counterterrorism programs. BIS contributed DPAS-related input that was incorporated into national emergency preparedness plans published in Fiscal Year 2007, including the National Infrastructure Protection Plan's Sector-Specific Plans and the National Response Plan's Critical Infrastructure/Key Resources Annex. BIS also served on the Defense Industrial Base Government Coordinating Council, co-chaired by the Departments of Defense and Homeland Security, which was established to enhance the protection of the nation's defense industrial base critical infrastructure and key resources, and as the U.S. representative to NATO's Industrial Planning Committee whose work program includes priorities and allocations and critical infrastructure protection-related issues.

#### ***Committee on Foreign Investment in the United States***

BIS's defense industrial base responsibilities extend to the evaluation of foreign

investments in U.S. industries through participation in the Committee on Foreign Investment in the United States (CFIUS). BIS, in coordination with the Department of Commerce's International Trade Administration (ITA), reviewed 151 CFIUS filings to ensure that they did not threaten U.S. national security. These acquisitions resulted in some \$268 billion of foreign investment in the United States. On July 26, 2007, President Bush signed into law the Foreign Investment and National Security Act of 2007 (FINSA) that became effective on October 24, 2007. BIS is working closely with ITA and interagency CFIUS partners to fully implement FINSA.

### ***Monitoring the Strength of the U.S. Defense Industrial and Technological Base***

In Fiscal Year 2007, BIS completed the following:

Aromatic Polyimides Technology Assessment. BIS's assessment recommended a review of controls on unfilled, infusible polyimides of thicknesses not exceeding 0.254 mm given disparate treatment among Wassenaar Arrangement members and evidence of foreign availability.

U.S. Space Industry Defense Industrial Bases Assessment. BIS conducted surveys of and collected information on the space industrial base on behalf of the Air Force. The Air Force report highlights the impact that export controls under the International Traffic in Arms Regulations (ITAR) have had on the development of strong and growing international competition faced by U.S. companies, and industry recommendations for facilitating controlled trade under the ITAR.

BIS also completed its eleventh congressionally mandated report on the impact of offsets in defense trade. Offsets are mandatory compensation required by foreign governments when purchasing weapons systems and services. The BIS report detailed the impact of offsets on U.S. defense preparedness, industrial competitiveness, employment, and trade between 1993 and 2005. In addition to preparing its annual offset report to Congress, BIS participates in an interagency group, established in 2005 under the leadership of the Department of Defense, which is tasked with consulting with foreign nations on limiting the adverse effects of offsets on the United States. In Fiscal Year 2007, the interagency group produced a report that details the objectives and results of consultations on offsets with 11 countries and the European Union.

In Fiscal Year 2007, BIS reviewed 63 proposed transfers of excess defense equipment to foreign governments through the Department of Defense's Excess Defense Articles program and provided the Department of Defense with determinations as to whether these transfers would interfere with the ongoing sales or marketing activities of U.S. industry. BIS also reviewed 82 proposed international armament cooperative agreements and provided the Department of Defense with comments on the commercial implications and potential effects on the international competitive position of the U.S. defense industrial and technological base of such arrangements.

### ***Supporting the U.S. Defense Industry's International Competitiveness***

As part of BIS's ongoing efforts to monitor policies of foreign partners affecting the U.S. defense industrial base, BIS led an

interagency delegation to Brussels to meet with European Union officials and to discuss the European Union's proposed defense procurement initiative in order to increase understanding of the initiative, assess its impact on the U.S. defense industrial base, and open a dialogue with European Union officials critical to the development of the initiative. BIS will continue to follow up on this issue after the European Union releases its initiative in Fiscal Year 2008.

In Fiscal Year 2007, BIS successfully coordinated U.S. Government advocacy to support four sales to foreign governments of defense articles worth approximately \$6.1 billion. These sales help maintain the U.S. defense industrial and technological base and preserve employment in high-technology industries. In addition, BIS and ITA agreed to transfer certain defense trade advocacy program management-related responsibilities to the International Trade Administration's Advocacy Center in Fiscal Year 2008.

BIS continued to administer the Department of Commerce's NATO Security Investment Program (NSIP), a certification requirement for U.S. companies interested in competing to supply goods and services in NSIP-funded procurements. In Fiscal Year 2007, BIS certified 511 U.S. firms that were interested in participating in NATO procurement competitions.

## **Goals for Fiscal Year 2008**

Building on Fiscal Year 2007's accomplishments, BIS will continue to partner with industry and other U.S. Government agencies to support the ability of the U.S. defense industrial and technological base to meet current and future national security requirements.

BIS will continue to work closely with U.S. industry and interagency partners, under the authority of the DPAS program, to support the production and delivery of industrial resources needed to meet national defense and homeland security requirements. In addition, BIS will continue to support the Department of Defense in negotiating future bilateral Security of Supply agreements.

BIS will support the Department of Homeland Security in preparing the first annual report to Congress on the use of the priorities and allocations provisions of the Defense Production Act "to ensure the preparedness of industry to reduce interruptions of critical infrastructure and key resource operations during an act of terrorism, natural catastrophe, or similar national emergency." In addition, BIS will work with the Departments of Defense and Homeland Security through the Defense Industrial Base Government Coordinating Council to enhance the protection of our nation's critical infrastructure and key resources.

BIS will also continue to review CFIUS filings to protect against threats to U.S. national security, and work with ITA and interagency CFIUS partners to fully implement FINSA.

BIS will conduct three new assessments in 2008. In coordination with the DOD and other federal agencies, BIS will assess the status and health of U.S. designers and manufacturers of integrated circuits for defense critical and essential circuit applications, and will evaluate the capabilities of U.S. and foreign 5-axis machine tool manufacturers to meet the needs of the Department of Defense and its contractors, in addition to assessing the foreign availability of such tools. In cooperation with the Naval Air Systems



Command, BIS will assess the impact of counterfeit electronics on U.S. defense readiness, supply chain integrity, critical infrastructure, and industrial capabilities. BIS will also produce its twelfth report on the impact of offsets in defense trade. Once the report is completed, BIS will have collected and analyzed data on offset agreements and transactions from 1993 through 2006.

BIS will also continue to monitor the progress of the European Union defense procurement initiative and explore additional areas for defense industrial base cooperation and discussion with the European Union and its member states. BIS will continue its efforts with U.S. industry and interagency partners to support the sale of U.S. defense products overseas, while transferring certain defense trade advocacy program management functions to ITA. Finally, BIS will work closely with NATO procurement agencies, the U.S. Mission to NATO, and U.S. Embassy staff to facilitate the dissemination of business opportunities for U.S. firms.

## Appendix A

### **Administration and Department of Commerce Strategic Goals, BIS Mission Statement and Guiding Principles of the Bureau of Industry and Security**

#### **Administration Strategic Goals and Objectives:**

Defeat the Danger to our Nation that Lies at the Crossroads of Radicalism and Technology by Denying our Enemies the Means to Acquire Weapons of Mass Destruction

Support America's Innovation Economy

#### **Commerce Department Strategic Goals / Objectives:**

Provide Information and Tools to Maximize U.S. Competitiveness and Enable Economic Growth for American Industries, Workers, and Consumers

Advance Responsible Economic Growth and Trade While Protecting American Security

Management Integration Goal: Achieve Organizational and Management Excellence

#### **Bureau of Industry and Security Mission:**

Advance U.S. National Security, Foreign Policy, and Economic Objectives by Ensuring an Effective Export Control and Treaty Compliance System and Promoting Continued U.S. Strategic Technology Leadership

#### **BIS Key Bureau Priorities:**

- Maintain and Strengthen an Adaptable and Effective U.S. Export Control and Treaty Compliance System
- Integrate non-U.S. Actors to Create a More Effective Global Export Control and Treaty Compliance System
- Eliminate Illicit Export Activity Outside the Global Export Control and Treaty Compliance System
- Ensure Continued U.S. Technology Leadership in Industries that are Essential to National Security

## **Guiding Principles of the Bureau of Industry and Security**

*This statement of principles represents the guiding philosophy of the Commerce Department's Bureau of Industry and Security in approaching its activities and fulfilling its responsibilities. This statement is not intended to dictate any particular regulatory action or enforcement action.*

- The Bureau's paramount concern is the security of the United States. The Bureau's mission is to protect the security of the United States, which includes its national security, economic security, cyber security, and homeland security.
- The Bureau's credibility—within government, with industry, and with the American people—depends upon its fidelity to this principle.
- For example, in the area of dual-use export controls, the Bureau will vigorously administer and enforce such controls to stem the proliferation of weapons of mass destruction and the means of delivering them, to halt the spread of weapons to terrorists or countries of concern, and to further important U.S. foreign policy objectives. Where there is credible evidence suggesting that the export of a dual-use item threatens U.S. security, the Bureau must act to combat that threat.
- Protecting U.S. security includes not only supporting U.S. national defense, but also ensuring the health of the U.S. economy and the competitiveness of U.S. industry.
- The Bureau seeks to promote a strong and vibrant defense industrial base that can develop and provide technologies that will enable the United States to maintain its military superiority.
- The Bureau must take great care to ensure that its regulations do not impose unreasonable restrictions on legitimate international commercial activity that is necessary for the health of U.S. industry. In protecting U.S. security, the Bureau must avoid actions that compromise the international competitiveness of U.S. industry without any appreciable national security benefits.
- The Bureau strives to work in partnership with the private sector. The Bureau will seek to fulfill its mission, where possible, through public-private partnerships and market-based solutions.
- U.S. security cannot be achieved without the active cooperation of the private sector, which today controls a greater share of critical U.S. resources than in the past. At the same time, the health of U.S. industry is dependent on U.S. security—of our borders, our critical infrastructures, and our computer networks.
- The symbiotic relationship between industry and security should be reflected in the formulation, application, and enforcement of Bureau rules and policies.
- The Bureau's activities and regulations need to be able to adapt to changing global conditions and challenges. The political, economic, technological, and security environment that exists today is substantially different than that of only a decade ago. Bureau activities and regulations can only be justified, and should only be maintained, to the extent that they reflect current global realities. Laws, regulations, or practices that do not take into account these realities – and that do not have sufficient flexibility to allow for adaptation in response to future changes—ultimately

harm national security by imposing costs and burdens on U.S. industry without any corresponding benefit to U.S. security.

- In the area of exports, these significant geopolitical changes suggest that the U.S. control regime that in the past was primarily list-based must shift to a mix of list-based controls and controls that target specific end-uses and end-users of concern.
- The Bureau also should be creative in thinking about how new technologies can be utilized in designing better export controls and enforcing controls more effectively.
- The Bureau's rules, policies, and decisions should be stated clearly, applied consistently, and followed faithfully. The Bureau's rules, policies, and decisions should be transparent and clearly stated. Once promulgated, Bureau rules and policies should be applied consistently, and Bureau action should be guided by precedent.
- Uncertainty, and the delay it engenders, constitutes a needless transaction cost on U.S. companies and citizens, hampering their ability to compete effectively. Voluntary compliance with Bureau rules and regulations should be encouraged and, to the extent appropriate, rewarded.
- These precepts are particularly important with respect to the application and enforcement of export controls. An effective export control regime necessarily depends upon the private sector clearly understanding and seeking to implement Bureau rules and policies voluntarily.
- Decision making should be fact-based, analytically sound, and consistent with governing laws and regulations. Bureau decisions should be made after careful

review of all available and relevant facts and without any philosophical predisposition.

- A "reasonable person" standard should be applied to all decisions: How would a "reasonable person" decide this issue? The Bureau's mission does not lend itself to "ideological" decision making—especially when it comes to its licensing and enforcement functions.
- It is inappropriate to recommend outcomes based on an assumption that a position will be reviewed and "pared back" by another party—whether it be another office in the Bureau or another agency of the U.S. Government. Such an approach violates the public's trust, undermines the Bureau's credibility, and imposes substantial costs in terms of wasted time and effort.
- The Bureau strives to work cooperatively with other parts of the U.S. Government and with state and local governments.
- The Bureau shall seek to collaborate in a collegial and effective manner with other agencies and departments of the U.S. Government, including the National Security Council, the Department of Homeland Security, the State Department, the Defense Department, the Energy Department, and the intelligence community.
- The Bureau shall consult with its oversight committees and other appropriate Members of Congress and congressional staff on matters of mutual interest.
- The Bureau shall seek to enhance its relationships with state and local government officials and first responders to national emergencies.

- International cooperation is critical to the Bureau's activities. Fulfilling the Bureau's mission of promoting security depends heavily upon international cooperation with our principal trading partners and other countries of strategic importance, such as major transshipment hubs. Whether seeking to control the spread of dangerous goods and technologies, protect critical infrastructures, or ensure the existence of a strong defense industrial base, international cooperation is critical.

- With regard to export control laws in particular, effective enforcement is greatly enhanced by both international cooperation and an effort to harmonize the substance of U.S. laws with those of our principal trading partners.

- International cooperation, however, does not mean settling on the "lowest common denominator." Where consensus cannot be broadly obtained, the Bureau will not abandon its principles, but should seek to achieve its goals through other means, including cooperation among smaller groups of likeminded partners.

*Nothing contained herein shall create any rights or benefits, substantive or procedural, enforceable by any party against BIS, its officers and employees, or any other person.*

## Appendix B

### Regulatory Changes in Fiscal Year 2007

BIS published 28 *Federal Register* actions affecting the Export Administration Regulations. Those actions included the following:

#### China

BIS published a rule addressing various aspects of China policy on June 19, 2007. BIS took into consideration extensive public comments on a prior proposed rule when preparing this final action. The rule implemented a new authorization for Validated End-Users; a military end-use restriction for certain items; and expanded support documentation requirements.

#### Proposed Expansion of the Entity List

On June 5, 2007, BIS proposed to expand the scope of reasons for which it may add parties to the Entity List beyond proliferation concerns to include entities acting contrary to the national security or foreign policy interests of the United States. Comments on this proposed rule were due August 6 and are under review.

#### North Korea

In accordance with applicable United Nations Security Council resolutions and the foreign policy interests of the United States, BIS published a rule on January 26, 2007, that imposed restrictions on exports and reexports of certain items, including luxury goods, to the Democratic People's Republic of Korea (North Korea).

### Systematic Review of the Commerce Control List

On July 17, 2007, BIS published a notice of inquiry soliciting comments from the public regarding the Commerce Control List. The comment period closed November 1, and comments are under review.

#### Destinations of Diversion Concern

In an Advance Notice of Proposed Rulemaking, BIS notified the public that it was considering designating a Country Group C for countries that are "Destinations of Diversion Concern."

#### Expansion of General Order

On June 8, 2007, BIS expanded General Order No. 3, initially issued on June 5, 2006. The General Order originally imposed a license requirement for exports and reexports of all items subject to the Export Administration Regulations if the transaction involved Mayrow General Trading and certain related entities. An amendment to the General Order, published on September 6, 2006, named the additional entities. The June 8, 2007, expansion imposed the license requirements on 16 additional persons that the U.S. Government believed are either affiliated with or related to Mayrow, or are acquiring or attempting to acquire commodities capable of being used to construct improvised explosive devices (IEDs).

#### Missile Technology Control Regime

In order to reflect changes to the Missile Technology Control Regime (MTCR) Annex that were agreed to at the October

2006 MTCR plenary in Copenhagen, Denmark. BIS on May 7, 2007, published a rule that amended the Commerce Control List, including adding new controls on certain three axis magnetic heading sensors.

### **Chemical and Biological Weapons**

On September 12, 2007, BIS implemented changes to the Commerce Control List resulting from the June 2007 Australia Group plenary and added Croatia as the newest Australia Group participating country. On November 24, 2006, BIS had implemented the understandings reached at the June 2006 Australia Group plenary.

### **Administrative, Procedural, and Technical Revisions**

Throughout Fiscal Year 2007, BIS published several rules making administrative, procedural, and technical revisions to the Export Administration Regulations, including revising statements of legal authority and adding antiboycott penalty guidelines.

## Appendix C

### **Bureau of Industry and Security Organization Structure and Administrative Information**

#### **Improved Organizational Performance Management**

In Fiscal Year 2006, BIS undertook a review of its Government Performance and Results Act (GPRA) performance measures. The result of this review was a complete revision of the BIS GPRA performance measures. BIS also initiated an internal performance “Game Plan” incorporating external GPRA performance metrics and internal milestones into a comprehensive bureau-wide performance plan. The monthly performance report, based on the “Game Plan,” is reviewed by BIS senior staff, focusing on both “success stories” and those metrics requiring “additional attention.”

In Fiscal Years 2004 and 2005, BIS was evaluated by the Office of Management and Budget (OMB) using OMB’s Performance and Assessment Rating Tool (PART). PART assessments are designed to link organizational performance to budget decisions and provide a basis for making recommendations to improve program results. In Fiscal Year 2007, BIS has continued working to meet the OMB PART recommendations. Additionally, in Fiscal Year 2007, BIS has completed the PART Updates, which are available on the website, <[www.ExpectMore.gov](http://www.ExpectMore.gov)>.

#### **President’s Management Agenda (PMA)**

BIS also has supported the President’s Management Agenda (PMA), particularly Strategic Management of Human Capital,

Budget and Performance Integration, and Electronic Government (E-Gov).

For example, in the area of Strategic Management of Human Capital, BIS launched the Office of Personnel Management (OPM) Organizational Assessment Survey as a follow-up to the 2005 survey to monitor progress by obtaining employees’ current perceptions of the organization and workplace. As a result of the BIS Organizational Development Initiative, a voluntary Employee Advisory Council (EAC) was established by BIS employees. The EAC will provide a forum for BIS employees to give feedback to leadership. Another significant human capital accomplishment for BIS this year was the effort to continue with the development of a comprehensive training program for BIS personnel that will assist with closing skill gaps. Sample Individual Development Plans (IDP) for BIS core occupations were developed and posted to the BIS intranet site. These IDPs will serve as templates for BIS supervisors and employees to develop personal IDPs.

For budget and performance integration, BIS has continued to develop performance-based budgets based on OMB guidance. BIS budget submissions continue to be directly tied to the Bureau’s performance goals and measures and BIS will continue to develop performance based budgets that display the cost of achieving its performance goals. As stated in the OMB PART findings, “Budget requests are integrated with performance goals and describe the anticipated effects of resource requirements on performance.”



The major E-Gov initiative accomplishments for BIS in 2007 included export licensing productivity improvements derived from the October 2006 replacement of the legacy export license submission system, and implementation of the highest rated IT Security program within Commerce--BIS shares this distinction with one other Commerce Bureau.

The Simplified Network Application Process System Redesign (SNAP-R) is one sub-system developed as part of the broader BIS Export Control Automated Support System Redesign (ECASS-R) program, which is a multi-year effort to replace the legacy BIS export control system. The ECASS-R service oriented architecture (SOA) framework and the first major sub-system deployed on it, SNAP-R, achieved over 99.5 percent availability and experienced zero outages, data integrity issues, or security incidents in its first year of operations.

SNAP-R is a secure web system used by exporters to submit export license applications, commodity classification requests, and supporting documents to Commerce via the Internet. SNAP-R significantly improves security and ease of use for our exporters, and assists the Bureau in receiving and processing licenses in a more efficient and effective manner.

BIS completed independent Certification and Accreditation of the ECASS-R System Information Technology (IT) security controls using criteria identified in NIST Special Publication (800-53), "Self-Assessment Guide for Information Technology (IT) Systems," and NIST Special Publication (800-53A), "Recommended Security Controls for Federal Information Systems" through independent Security Test and Evaluation

(ST&E) at the high impact security level, consistent with the Federal Information Processing Standard (FIPS) 199 "Standards for Security Categorization of Federal Information and Information Systems" high security impact categorization guidance.

In addition, BIS continued to meet its enterprise architecture, IT security, and Web public data dissemination requirements. For example, BIS implemented website improvements such as a dedicated E-Commerce section of its website.

BIS also supports the Competitive Sourcing and Improved Financial Performance Initiatives. Annually, BIS performs a top-down review of all its positions and functions in accordance with the Federal Activities Inventory Report (FAIR) Act. Due to the fact that BIS is a small organization with two primary functions, licensing and enforcement, that are inherently governmental, there is not much flexibility for outsourcing.

Regarding BIS's financial performance, OMB stated in the Fiscal Year 2005 PART, "Program funds are administered efficiently and in accordance with intended purposes and planned schedules." The PART also noted the following: "The financial management system used to provide BIS's accounting and financial information meets statutory requirements. Financial information is provided both accurately and in a timely manner. Financial planning and performance management support day-to-day operations, and program resources are focused to meet performance goals including licensing processing times, publishing regulations, and outreach to exporters to meet the needs of license applicants." BIS will continue to meet all reporting deadlines and monitor internal controls.

## **Cooperation with Auditing Agencies and Responses to Requests from the Public and the Courts**

### ***Auditing Agencies***

BIS continues to work with the Government Accountability Office (GAO) and the Office of Inspector General (OIG) on their studies of BIS programs and control systems, as well as to address all audit findings and recommendations. During Fiscal Year 2007, BIS submitted periodic reports to the office of the Chief Financial Officer and Assistant Secretary for Administration on the status of BIS corrective actions relating to all open GAO and OIG recommendations. BIS management also monitored the progress of corrective actions undertaken on the basis of these reports.

Nine GAO studies addressing BIS programs and activities were completed in Fiscal Year 2007 including: (1) U.S. Government's Mechanism for Protecting Export-Controlled Information (job code 120513); (2) University Export Controls (job code 120508); (3) Export Control Enforcement (job code 120489); (4) The Cuban Democracy Act and the Cuban Liberty and Solidarity Act (job code 320373); (5) Shipments of Commerce Controlled (dual-use) Items (job code 120578); (6) Mandatory Law Enforcement Training (job code 440561); (7) Federal Efforts that Support Small Businesses Engaged in Manufacturing (job code 360715); (8) The Visa Mantis Clearance Process (job code 320405); and (9) Government-wide Law Enforcement Authority and Training (job code 440485).

At the end of the Fiscal Year, six GAO studies addressing BIS programs and activities were pending final reports,

including: (1) Nuclear Proliferation Networks (job code 320443); (2) Sanctions Against Iran (job code 320462); (3) Foreign Government Controls on Foreign Direct Investment Based on National Security (job code 120600); (4) The U.S. Trade Embargo Against Cuba (job code 320468); (5) The Committee on Foreign Investment in the United States (job code 120690); and (6) The Makeup and Health of Selected Sectors of the Defense Supplier Base (job code 120693).

Three OIG reviews addressing BIS programs and activities were completed during Fiscal Year 2007, including: (1) U.S. Export Controls for India (IPE-18144); (2) the Annual Follow-Up Report on Previous Export Control Recommendations, as Mandated by the National Defense Authorization Act for Fiscal Year 2000 (IPE-18546); and (3) Commercial Service Operations in Brazil (IPE-18114).

The various reviews and evaluations identified opportunities for improvement. In response and as a result of the GAO's and OIG's efforts, we have improved our policies and internal controls of our enforcement and licensing programs.

### **Public Requests for Information and Court-Ordered Searches**

BIS processed 60 Freedom of Information Act (FOIA) requests for export licensing and enforcement and other types of management information. BIS processed two court-ordered requests for information related to bankruptcy filings and litigation proceedings.

### **IT Security**

The BIS IT Security Program also included Certification and Accreditation of the Treaty

Compliance Division support systems and classified stand-alone systems. The BIS IT Security Program operational improvements included, but are not limited to, multi-level e-mail screening and encryption of all data files and devices that BIS staff use for travel and work off-site. IT Security Program upgrades also included release of more comprehensive IT Security Policy and Procedures, and establishment of a dedicated Security Operations Center. BIS continued to provide specialized IT security training for IT employees and contractors using the Department of Commerce online Learning Management System as well as annual IT Security Awareness training for all employees and contractors.

## Appendix D

### Summaries and Tables of Closed Export Enforcement Cases and Criminal Cases

**Table 1  
Criminal Case Convictions Fiscal Year 2007**

Sentencing Date	Defendant	Criminal Charges	Criminal Sanctions	Case Details
10/4/06	William Kovacs	One count of conspiracy in violation of 18 USC § 371	12 months and one day in prison, three years supervised release, 300 hours of community service and a \$100 special assessment	Export of vacuum hot press to China
10/11/06	Infocom	Ten counts of violating the International Emergency Economic Powers Act in violation of 50 USC § 1701; Nine counts of money laundering in violation of 18 USC § 1956; Two counts of conspiracy in violation of 18 USC § 371	Two years probation and a \$12,400 criminal fine	Export of computers and accessories to Syria and Libya
10/11/06	Bayan Elashi	Ten counts of violating the International Emergency Economic Powers Act in violation of 50 USC § 1701; Nine counts of money laundering in violation of 18 USC § 1956; Two counts of conspiracy in violation of 18 USC § 371	84 months in prison and a \$3,300 criminal fine	Export of computers and accessories to Syria and Libya
10/12/06	Ghassan Elashi	Ten counts of violating the International Emergency Economic Powers Act in violation of 50 USC § 1701; Nine counts of money laundering in violation of 18 USC § 1956; Two counts of conspiracy in violation of 18 USC § 371	80 months in prison and a \$2,700 criminal fine	Export of computers and accessories to Syria and Libya

10/13/06	Basman Elashye	One count of violating the International Emergency Economic Powers Act in violation of 50 USC § 1705; Two counts of conspiracy in violation of 18 USC § 371	80 months in prison and a \$2,700 criminal fine	Export of computers and accessories to Syria and Libya
10/13/06	Ernest Koh	One count of violating the International Emergency Economic Powers Act in violation of 50 USC § 1705; One count of money laundering in violation of 18 USC § 1956; One count of conspiracy in violation of 18 USC § 371	52 months in prison	Export of aircraft parts to Iran via Singapore and Malaysia
12/5/06	Juan Sevilla	One count of violating the International Emergency Economic Powers Act in violation of 50 USC § 1705	Five years probation, six months home confinement, a \$10,000 criminal fine, and 100 hours of community service	Export of material testing system to Iran
12/8/06	Igor Cherkassky	One count of conspiracy to make false statements in violation of 18 USC § 371	Two months in prison, three years supervised release and a \$5,000 criminal fine	Conspiracy to make false statements on Shipper's Export Declarations
3/9/07	William Lam	One count of smuggling in violation of 18 USC 554	14 months in prison, two years supervised release, a \$17,130 forfeiture and a \$100 special assessment	Export of optical sighting devices to China
4/10/07	Andrew Huang	One count of making false statements in violation of 18 USC § 1001	Two years probation, a \$5,000 criminal fine, and \$100 special assessment	Export of telecommunications equipment to Iraq via China
4/25/07	LogicaCMG	One count of violating the International Emergency Economic Powers Act in violation of 50 USC § 1705	\$50,000 criminal fine and \$400 special assessment	Export of software to Cuba

6/15/07	Alpine Armoring Inc.	One count of violating the International Emergency Economic Powers Act in violation of 50 USC § 1705	\$102,000 criminal fine and one year probation	Export of crime control equipment to Suriname
6/15/07	Fred Khoroushi	One count of making false statements on a Shipper's Export Declaration in violation of 26 USC § 7207	\$10,000 criminal fine and \$25 special assessment	Export of crime control equipment to Suriname
7/30/07	Ali Khan	One count of conspiracy in violation of 18 USC § 371	Five years probation, \$1,400,000 forfeiture, a \$100,000 criminal fine, and 100 hours of community service	Export of aircraft parts to Iran
8/10/07	Dr. Joseph Thomas	One count of conspiracy in violation of 18 USC § 371; One count of making false statements in violation of 18 USC § 1001	One year supervised release	Export of telecommunications equipment to Iraq
9/17/07	Chiquita Brands International	One count of engaging in transactions with a specially designated terrorist in violation of 50 USC § 1705	Five years probation and a \$25,000,000 criminal fine	Provided financial support to a terrorist organization

**Table 2**  
**Department of Commerce Export Enforcement Cases Fiscal Year 2007**

<b>Order Date</b>	<b>Respondent</b>	<b>Charges</b>	<b>Sections Violated [Number of Violations]</b>	<b>Result</b>
11/03/06	EPMedSystems, Inc.	Exported, reexported and conspired to export cardiac equipment to Iran without the required U.S. Government authorization and with knowledge that violations would occur; took actions to evade the requirements of the regulations; made false or misleading representations, statements, or certifications to BIS in a voluntary self disclosure	764.2(a) [6] 764.2(d) [2] 764.2(e) [6] 764.2(g) [5] 764.2(h) [4]	Settlement Agreement - civil penalty of \$244,000
11/03/06	Daqing Zhou	Conspired to export and caused the export of microwave amplifiers to China without the required license and with knowledge that a violation would occur	764.2(b) [1] 764.2(d) [1] 764.2(e) [1]	Default Judgment - Export privileges denied for 20 years
11/14/06	Naji Antoine Abi Khalil and Related Person: Tomer Grinberg	Unlawfully, willfully, and knowingly attempting to and making and receiving a contribution of funds, goods, and services to, and for the benefit of, Hizaballah, a specially designated terrorist, by receiving and attempting to transport night vision goggles, infrared aiming lights, and other military night-vision equipment to Hizaballah	Section 1704(b) of IEEPA	Export privileges denied under Section 11(h) of the EAA and Section 766.25 of the EAR until February 2, 2016
11/17/06	Melvina Can Machinery Co.	Attempted to export canning machinery to Iran without the required export license	764.2(c) [1]	Settlement Agreement - civil penalty of \$6,000
11/17/06	Data Physics Corporation Data Physics China Sri Welranta Bill Chen	Temporary Denial Order (TDO): Knowingly caused unlicensed exports of vibration test and related equipment to the Hai Yang Electro-Mechanical Technology Academy (“3 <sup>rd</sup> Academy”) in China, an end-user that Data Physics knows is involved in the development of cruise missiles	764.2(a) 764.2(e)	Renewal of TDO denying export privileges renewed for 180 days
12/13/06	Olympiad Line LLC	Aided and abetted an attempted export of canning machinery to Iran without the required authorization and with knowledge that a violation would occur	764.2(b) [1] 764.2(e) [1]	Settlement Agreement - civil penalty of \$14,000

12/20/06	Top Line Express, Inc.	Aided and abetted an export of sealants and fuel tanks to Bharat Dynamics Ltd., of Hyderabad, India, an organization on BIS's Entity List, without the required license	764.2(b) [1]	Settlement Agreement - civil penalty of \$6,500
01/09/07	El Salvador Networks, S.A.	Reexported telecommunication hardware and software to Cuba without the required license	764.2(a) [1]	Settlement Agreement - civil penalty of \$6,000
01/22/07	Fernando Sero a/k/a Ferdie Resada	Knowingly and willfully causing to be exported from the United States to the Island of Mindanao (in the Southern Philippines) U.S. defense articles, to wit, weapons parts, which were designated as defense articles on the Munitions List, without having first obtained a license from the Department of State for such export	Section 38 of the AECA	Export privileges denied under Section 11(h) of the EAA and Section 766.25 of the EAR until December 15, 2015
01/23/07	Ihsan Elashi a/k/a I. Ash a/k/a Haydee Herrera a/k/a Abdullar Al Nasser a/k/a Samer Suwwan Sammy Elashi and Related Persons: Tetrabal Corporation Al Kayali Corporation Mynet.net Corporation Infocom Corporation Synaptix.Net Mayssoon Al Kayali Hazin Elashi Bayan Elashi Ghassan Elashi Basman Elashi Majida Salem and Fadwa Elafrangi	Conspired to export and exported computer equipment and software to Syria without the required license and with knowledge that a violation would occur; exported computers and computer accessories and negotiated a transaction involving the export of items while being denied export privileges and with knowledge that violations would occur; took actions to evade denial order	764.2(a) [1] 764.2(d) [1] 764.2(e) [14] 764.2(h) [3] 764.2(k) [13]	Added 12 entities as related persons to the denial order against Ihsan Elashi



01/29/07	Continental Airlines	Transported an item to be exported from the United States with knowledge that a violation would occur	764.2(e) [1]	Settlement Agreement - civil penalty of \$11,000
02/05/07	Petrom GmbH International Trade and Related Person: Petrom Internacional Trade, S.L.	Conspired to export check valves and spare parts to Iran without the required authorization and with knowledge that violations would occur; solicited unlicensed exports to Iran via Germany without the required authorization	764.2(c) [6] 764.2(d) [1] 764.2(e) [6]	Added as a related person to the denial order against Petrom GmbH International Trade
02/05/07	Petrom GmbH International Trade and Related Person: Koto Comercio Iberica, S.L.	Conspired to export check valves and spare parts to Iran without the required authorization and with knowledge that violations would occur; solicited unlicensed exports to Iran via Germany without the required authorization	764.2(c) [6] 764.2(d) [1] 764.2(e) [6]	Added as a related person to the denial order against Petrom GmbH International Trade
02/05/07	Petrom GmbH International Trade and Related Person: Majid Rahmanifar	Conspired to export check valves and spare parts to Iran without the required authorization and with knowledge that violations would occur; solicited unlicensed exports to Iran via Germany without the required authorization	764.2(c) [6] 764.2(d) [1] 764.2(e) [6]	Added as a related person to the denial order against Petrom GmbH International Trade
02/09/07	Erika P. Jardine a/k/a Eriklynn Pattie Jardine a/k/a Erika Pattie Jardine	Willfully exporting and attempting to export and causing to export, from the United States to European countries, defense articles, that is small arm protective inserts, which were designated as defense articles on the United States Munitions List, without having first obtained from the Department of State a license for such export	Section 38 of the AECA	Export privileges denied under Section 11(h) of the EAA and Section 766.25 of the EAR until February 22, 2013
02/13/07	SCP Global Technologies, Inc.	Exported pumps, valves, and spare parts to Israel, Taiwan, and China without the required licenses and with knowledge that violations would occur	764.2(a) [45] 764.2(e) [15]	Settlement Agreement - civil penalty of \$264,000
02/16/07	Aviacsa Airlines	Failed to file Shipper's Export Declarations	764.2(a) [75]	Settlement Agreement - civil penalty of \$450,000, \$225,000 suspended
02/16/07	Magnetic Shield Corporation	Exported and attempted to export magnetic shielding materials to the Indira Gandhi Centre for Atomic Research, an organization on BIS's Entity List without the required license; failed to enter license authority on Shipper's Export Declaration	764.2(a) [2] 764.2(c) [1]	Settlement Agreement - civil penalty of \$19,000

02/22/07	Interturbine Logistiks GmbH	Exported sealants for fuel tanks to Bharat Dynamics Ltd. of Hyderabad, India, an organization on BIS's Entity List, and exported oil filters and elements of oil filters for use on Iranian controlled aircraft in the United Arab Emirates without the required licenses; made false statements on Shipper's Export Declarations	764.2(a) [2] 764.2(g) [2]	Settlement Agreement - civil penalty of \$30,800
02/22/07	A. N. Deringer, Inc.	Caused, aided and abetted the export of copier toner to Iran without the required U.S. Government authorization and with knowledge that a violation would occur; made a false and misleading representation to the U.S. Government in connection with the preparation, submission, issuance, use, or maintenance of an export control document	764.2(b) [1] 764.2(e) [1] 764.2(g) [1]	Settlement Agreement - civil penalty of \$21,120
02/22/07	William Kovacs	Sold, transferred, forwarded and/or disposed of an industrial furnace to the Beijing Research Institute of Materials and Technology in China with knowledge that a violation would occur; conspired and caused the export of the industrial furnace to China without the required license; took action with the intent to evade the Regulations	764.2(b) [1] 764.2(d) [1] 764.2(e) [1] 764.2(h) [1]	Default Judgment - Export privileges denied for five years; civil penalty of \$66,000
02/26/07	S.P. Equipamentos de Protec o oa Trabalho Ltda.	Transferred a thermal imaging camera to State Secretariat of Civil Defense (Military Police of the State of Rio de Janeiro) in violation of license conditions and with knowledge that a violation would occur	764.2(a) [1] 764.2(e) [1]	Default Judgment - Export privileges denied for 10 years
03/09/07	EMD Chemicals Inc.	Exported hydrofluoric acid to Guatemala without the required licenses; caused the reexport of industrial pigments to Iran without the required U.S. Government authorization	764.2(a) [9] 764.2(b) [3]	Settlement Agreement - civil penalty of \$44,000

03/12/07	Fiber Materials, Inc.	Knowingly exported and caused to be exported from the United States to India, a controlled commodity, to wit, a component, accessory, and controls for an isostatic press, that is, a control panel which consisted of, among other things, an operating control cabinet, a power/pressure control cabinet, and digital controllers and recorder, without having first obtained the required export license from Department of Commerce	Section 2410(a) of the EAA	Export privileges denied under Section 11(h) of the EAA and Section 766.25 of the EAR until November 18, 2015
03/12/07	Materials International, Inc.	Knowingly exported and caused to be exported from the United States to India, a controlled commodity, to wit, a component, accessory and controls for an isostatic press, that is, a control panel which consisted of, among other things, an operating control cabinet, a power/pressure control cabinet, and digital controllers and recorder, without having first obtained the required export license from Department of Commerce	Section 2410(a) of the EAA	Export privileges denied under Section 11(h) of the EAA and Section 766.25 of the EAR until November 18, 2015
03/12/07	Walter L. Lachman	Knowingly exported and caused to be exported from the United States to India, a controlled commodity, to wit, a component, accessory and controls for an isostatic press, that is, a control panel which consisted of, among other things, an operating control cabinet, a power/pressure control cabinet, and digital controllers and recorder, without having first obtained the required export license from the Department of Commerce	Section 2410(a) of the EAA	Export privileges denied under Section 11(h) of the EAA and Section 766.25 of the EAR until November 18, 2015
03/12/07	Maurice Subilia	Knowingly exported and caused to be exported from the United States to India, a controlled commodity, to wit, a component, accessory and controls for an isostatic press, that is, a control panel which consisted of, among other things, an operating control cabinet, a power/pressure control cabinet, and digital controllers and recorder, without having first obtained the required export license from Department of Commerce	Section 2410(a) of the EAA	Export privileges denied under Section 11(h) of the EAA and Section 766.25 of the EAR until November 18, 2015

03/13/07	ITT Corporation, Engineered Valves Group	Exported lined valves, and valve bodies to China, Israel, Saudi Arabia, and Taiwan without the required licenses; made false or misleading representations to the U.S. Government; failed to comply with reporting and recordkeeping requirements	764.2(a) [6] 764.2(g) [1] 764.2(i) [1]	Settlement Agreement - civil penalty of \$26,400
03/16/07	Vonberg Valves, Inc.	Attempted to export flow regulator cartridges and flow limiters through Germany to Iran without the required license and with knowledge that a violation would occur	764.2(c) [1] 764.2(e) [1]	Settlement Agreement - civil penalty of \$21,000; perform an audit of its internal compliance program within 12 months from the date of entry of the Order
03/30/07	Lethal Weapons Charters, Inc.	Exported a vessel to Cuba without the required license and with knowledge that a violation would occur	764.2(a) [1] 764.2(e) [1]	Settlement Agreement - civil penalty of \$17,000, \$5,000 suspended
03/30/07	Ted R. Baier	Exported a vessel to Cuba without the required license and with knowledge that a violation would occur	764.2(a) [1] 764.2(e) [1]	Settlement Agreement - civil penalty of \$17,000, \$12,000 suspended
04/02/07	Stephen Lincoln	Reexported a system containing specialized software from the United Kingdom to Iran without the required authorization and with knowledge that a violation would occur	764.2(a) [1] 764.2(e) [1]	Settlement Agreement - export privileges denied for seven years
04/06/07	Alpine Armoring, Inc.	Exported ballistic helmets to Suriname without the required licenses and with knowledge that violations would occur; omitted the Export Control Classification Number on a Shipper's Export Declaration; made false or misleading representation to the U.S. Government regarding the license authority; attempted to export armored vehicles to Iraq without the required licenses and with knowledge that a violation would occur	764.2(a) [3] 764.2(c) [1] 764.2(e) [3] 764.2(g) [1]	Settlement Agreement - civil penalty of \$88,000; export privileges denied for five years, all of which is suspended

04/06/07	Fred Khoroushi	Caused, aided or abetted the export of ballistic helmets to Suriname without the required licenses and with knowledge that violations would occur; omitted the Export Control Classification Number on a Shipper's Export Declaration; made false or misleading representation to the U.S. Government regarding the license authority; attempted to export armored vehicles to Iraq without the required license and with knowledge that a violation would occur; made a false or misleading statement to a BIS Special Agent in the course of an investigation	764.2 (a) [1] 764.2(b) [2] 764.2(c) [1] 764.2(e) [3] 764.2(g) [2]	Settlement Agreement - export privileges denied for five years, all of which is suspended
04/13/07	Robert Abreu	Aided or abetted the export of super servers and motherboards to Iran and with knowledge that a violation would occur; made false statement to a BIS Special Agent in the course of an investigation	764.2(b) [4] 764.2(e) [1] 764.2(g) [1]	Settlement Agreement - civil penalty of \$60,000
04/20/07	Biospherical Instruments, Inc.	Exported a profiling radiometer system to Space Application Center in India, an organization on BIS's Entity List without the required license and with knowledge that a violation would occur; made false representation to U.S. Government in connection with the preparation and submission of an export control document	764.2(a) [1] 764.2(e) [1] 764.2(g) [1]	Settlement Agreement - civil penalty of \$13,200
04/20/07	Baltrans Logistics, Inc.	Aided or abetted the unlicensed export of a profiling radiometer system to the Space Application Center in India, an organization on BIS's Entity List without the required license	764.2(b) [1]	Settlement Agreement - civil penalty of \$6,000
05/02/07	Khalid Mahmood	Conspired to export and caused the export of lift truck parts to Iran without the required U.S. Government authorizations	764.2(b) [5] 764.2(d) [1]	Settlement Agreement - export privileges denied for ten years
05/04/07	LogicaCMG, Inc.	Conspired to export; exported and caused, aided, and abetted the export of telecommunications equipment and technical data to Cuba without the required licenses and with knowledge that violations would occur; took actions to evade the Regulations by concealing the ultimate destination	764.2(a) [2] 764.2(b) [1] 764.2(d) [2] 764.2(e) [3] 764.2(h) [1]	Settlement Agreement - civil penalty of \$99,000

05/04/07	Yamada America, Inc.	Exported diaphragm pumps without the required U.S. Government authorization and with knowledge that violations would occur; made false statements on Shipper's Export Declarations	764.2(a) [10] 764.2(e) [6] 764.2(g) [10]	Settlement Agreement - civil penalty of \$220,000
05/08/07	Primavera Systems, Inc.	Exported computer software programs to Iran without the required authorizations; failed to comply with recordkeeping requirements	764.2(b)[6] 764.2(i) [6]	Settlement Agreement - civil penalty of \$55,000
05/08/07	General Dynamics C4 Systems, Inc.	Exported encryption test equipment to Malaysia without the required license; made a false or misleading representation on a Shipper's Export Declaration	764.2(a) [1] 764.2(g) [1]	Settlement Agreement - civil penalty of \$6,600
05/16/07	Bill Chen a/k/a Yueqiang Chen	TDO: Knowingly caused unlicensed exports of vibration test and related equipment to the Hai Yang Electro-Mechanical Technology Academy in China, an end-user that the exporter knows is involved in the development of cruise missiles	764.2(a) 764.2(e)	TDO denying export privileges for 180 days  (2nd renewal)
05/16/07	Data Physics Corporation	Exported items to the Chinese Academy of Launch Vehicle Technology ("CALT") and the Beijing Automation Control Equipment Institute ("BACEI"), in China, organizations on BIS's Entity List and with knowledge that a violations would occur; made false statement on Shipper's Export Declaration	764.2(a) [2] 764.2(e) [2] 764.2(g) [1]	Settlement Agreement - civil penalty of \$55,000; perform an audit of its internal compliance program within 12 months; export privileges denied to China for five years from the date of entry of the TDO against Data Physics on May 23, 2006
05/21/07	Zhonghe Ji a/k/a James Ji	Caused, aided, and abetted the export of electronic components to the People's Republic of China with knowledge that violations would occur	764.2(b) [8]	Settlement Agreement - civil penalty of \$48,000, \$46,000 suspended
05/21/07	Super Net Computers, L.L.C.	Aided or abetted the export of super servers, motherboards, and computer chassis to Iran without the required licenses	764.2(b) [6]	Default Judgment - Export privileges denied for five years

05/22/07	Sri Welaratna	Exported items to the Chinese Academy of Launch Vehicle Technology (“CALT”) and the Beijing Automation Control Equipment Institute (“BACEI”), in China, organizations on BIS’s Entity List and with knowledge that a violation would occur; made false statement on Shipper’s Export Declaration	764.2(a) [2] 764.2(e) [2] 764.2(g) [1]	Settlement Agreement - civil penalty of \$55,000; export privileges denied to China for five years from the date of entry of the TDO against Welaratna on May 23, 2006, all of which is suspended
05/24/07	Winter Aircraft Products SA	Took actions to evade the Regulations by concealing the ultimate destination	764.2(h) [2]	Default Judgment - Export privileges denied for ten years
05/24/07	Rufina Sanchez Lopez	Took actions to evade the Regulations by concealing the ultimate destination	764.2(h) [2]	Default Judgment - Export privileges denied for ten years
05/24/07	Jose Alberto Diaz Sanchez	Took actions to evade the Regulations by concealing the ultimate destination	764.2(h) [2]	Default Judgment - Export privileges denied for ten years
06/01/07	Cirrus Electronic LLC Cirrus Electronics Pte Ltd. Cirrus Electronics Marketing (P) Ltd. Parthasarathy Sudarshan Mythili Gopal Akn Prasad and Sampath Sundar	Took actions to evade the Regulations by shipping items through Singapore and concealing the true identity of the end-user; exported items to Vikram Sarabhai Space Center and Bharat Dynamics Ltd. in India, organizations on BIS’s Entity List without the required licenses	764.2(a) 764.2(h)	TDO denying export privileges for 180 days (initial issuance)
06/09/07	George Charles Budenz II and Related Person: Richard Scott Tobey	Knowingly and willfully exported and caused to be exported from the United States to Malaysia and Belgium controlled military aircraft parts which were designated as defense articles on the United States Munitions List, without having first obtained a license from the Department of State for such export, or written authorization for such an export	Section 38 of the AECA	Export privileges denied under Section 11(h) of the EAA and Section 766.25 of the EAR until July 19, 2011

06/09/07	Arif Ali Durrani	Knowingly and willfully exported from the United States to Malaysia and Belgium controlled military aircraft parts which were designated as defense articles on the United States Munitions List, without having first obtained a license from the Department of State for such export, or written authorization for such an export	Section 38 of the AECA	Export privileges denied under Section 11(h) of the EAA and Section 766.25 of the EAR until June 5, 2015
06/22/07	Graco Inc.	Exported diaphragm pumps to India without the required export licenses and with knowledge that violations would occur; caused the reexport of the diaphragm pumps to Saudi Arabia and Taiwan without the required license	764.2(a) [2] 764.2(b) [11] 764.2(e) [2]	Settlement Agreement - civil penalty of \$97,000
06/28/07	David H. McCauley	Conspired to export dental equipment from the United States to Iran through the United Arab Emirates without prior U.S. Government authorization	764.2(d) [1]	Settlement Agreement - civil penalty \$6,380
06/28/07	Enternet LLC	Deemed export of technology to Iranian national in the United States without the required license	764.2(a) [1]	Settlement Agreement - civil penalty of \$7,000
07/09/07	Nyema E. Weli	Attempted to export armored vehicles from the United States to Nigeria without the required licenses; failed to comply with recordkeeping requirements	764.2(c)[3] 764.2(i) [3]	Settlement Agreement - civil penalty of \$35,000; \$32,500 suspended
07/09/07	Littelfuse, Inc.	Exported ceramic yarn to the Philippines and the People's Republic of China without the required licenses; failed to comply with the reporting requirements	764.2(a)[62] 764.2(i) [5]	Settlement Agreement - civil penalty of \$221,100
07/12/07	Plast-O-Matic Valves, Inc.	Exported thermoplastic valves and controls to various countries without the required licenses	764.2(a) [13]	Settlement Agreement - civil penalty of \$55,000
07/16/07	Sercel, Inc.	Exported marine acoustic equipment to the People's Republic of China and Brazil without the required licenses	764.2(a) [2]	Settlement Agreement - civil penalty of \$8,000
07/26/07	Viking Corporation	Exported and attempted to export fire extinguishing equipment to Iran through the United Arab Emirates without the required authorization	764.2(a) [1] 764.2(c) [1]	Settlement Agreement - civil penalty of \$22,000; perform an audit of its internal compliance program within 12 months from the date of entry of the Order



07/26/07	Viking SA	Caused the export and attempted export of fire extinguishing equipment to Iran without the required authorizations and with knowledge that violations would occur	764.2(b) [2] 764.2(e) [2]	Settlement Agreement - civil penalty of \$44,000; perform an audit of its internal compliance program within 12 months from the date of entry of the Order
07/30/07	Zaharoni Industries	Exported integrated circuits from the United States through the United Arab Emirates to Iran without the required authorizations and with knowledge that violations would occur; made false statement on Shipper's Export Declaration	764.2(a) [2] 764.2(e) [2] 764.2(g) [2]	Settlement Agreement - civil penalty of \$66,000
08/06/07	P.R.A. World Wide Trading Co., Inc.	Conspired to make and made false statements to the U.S. Government by misrepresenting the value of exports on Shipper's Export Declaration	764.2(d) [1] 764.2(g) [41]	Settlement Agreement - civil penalty of \$250,000; \$90,000 suspended
08/06/07	EHI Group USA, Inc.	Conspired to export and exported microwave amplifiers to China without the required license and with knowledge that a violation would occur	764.2(a) [1] 764.2(d) [1] 764.2(e) [1]	Settlement Agreement - civil penalty of \$17,000; export privileges denied for five years after filing of charging letter
08/06/07	Qing Chang Jiang	Conspired to export and exported microwave amplifiers to China without the required license and with knowledge that a violation would occur	764.2(a) [1] 764.2(d) [1] 764.2(e) [1]	Settlement Agreement - civil penalty of \$17,000; export privileges denied for five years after filing of charging letter
08/10/07	Armor Holdings, Inc.	Exported various crime control items to various countries, including Germany, Australia, and Malaysia without the required licenses; exported various crime control items to various countries in excess of licensed value; failed to file Shipper's Export Declaration; made false or misleading representations to U.S. Government of license authority on Shipper's Export Declarations; failed to comply with recordkeeping requirements	764.2(a) [116] 764.2(g) [4] 764.2(i) [47]	Settlement Agreement - civil penalty of \$1,102,200

08/14/07	Aimil Limited	Aided and abetted the export of a Laser-II 310A to the Space Applications Center in Alhedabad, India, an organization on BIS's Entity List, without the required license	764.2(b) [1]	Settlement Agreement - civil penalty of \$8,800
08/15/07	Ace Systems	Attempted to export dialogic voice cards to Mayrow General Trading in Dubai, United Arab Emirates, in violation of General Order 3 of the Regulations	764.2(c) [1]	Settlement Agreement - civil penalty of \$36,000
08/21/07	Norman Spector	Exported and attempted to export microwave amplifiers to the People's Republic of China without the required licenses and with knowledge that violations would occur; made false statement on a Shipper's Export Declaration as to the authority to export	764.2(a) [14] 762.2(c) [1] 764.2(e) [15] 764.2(g) [14]	Settlement Agreement - civil penalty of \$462,000, \$440,000 suspended; export privileges denied for 25 years after filing of charging letter
08/21/07	Spector International, Inc. d/b/a Norsal Export Limited	Exported and attempted to export microwave amplifiers to the People's Republic of China without the required licenses and with knowledge that violations would occur; made false statement on Shipper's Export Declaration as to the authority to export	764.2(a) [14] 762.2(c) [1] 764.2(e) [15] 764.2(g) [14]	Settlement Agreement - civil penalty of \$462,000, all of which is suspended; export privileges denied for 25 years after filing of charging letter
08/31/07	JSR Micro Inc.	Exported photoresists to Israel, Taiwan, and Singapore without the required U.S. Government authorizations; made false or misleading representations, statements, or certifications on Shipper's Export Declaration regarding the authorization of the exports	764.2(a) [45] 764.2(g) [45]	Settlement Agreement - civil penalty of \$270,000
08/31/07	Henry Schein, Inc.	Exported and conspired to export dental equipment to Iran through the United Arab Emirates without the required U.S. Government authorizations and with knowledge that violations would occur; made false statements on Shipper's Export Declaration regarding the ultimate destination; took actions to evade the Regulations; failed to comply with the recordkeeping requirements	764.2(a) [6] 764.2(d) [1] 764.2(e) [6] 764.2(g) [5] 764.2(h) [6] 764.2(i) [1]	Settlement Agreement - civil penalty of \$165,000

09/12/07	Mohammad Fazeli	Willfully attempted to export 103 Honeywell pressure sensors to Iran through the United Arab Emirates without the required authorization from the Office of Foreign Asset Control	Sections 1701-1705 of IEEPA	Export privileges denied under Section 11(h) of the EAA and Section 766.25 of the EAR until August 7, 2012
09/13/07	Development Alternatives, Inc.	Attempted to export concealable vests, body armor, and bomb blast blankets to Iraq without the required U.S. Government authorization	764.2(c) [1]	Settlement Agreement - civil penalty of \$7,500
09/13/07	B&S Aircraft Alloys, Inc.	Exported titanium alloy rods to India without the required licenses; made false statements on Shipper's Export Declaration	764.2(a) [2] 764.2(g) [2]	Settlement Agreement - civil penalty of \$31,000
09/20/07	Cole-Parmer Instrument Co.	Exported valves to the People's Republic of China and Pakistan without the required licenses; made false statements of Shipper's Export Declaration	764.2(a) [5] 764.2(g) [5]	Settlement Agreement - civil penalty of \$55,000
09/21/07	Volvo Aero Services, LP	Exported various aircraft parts to various countries without the required licenses and with knowledge that violations would occur; failed to comply with reporting requirements; made false and misleading statements on Shipper's Export Declaration	764.2(a) [46] 764.2(e) [24] 764.2(i) [8] 764.2(g) [15]	Settlement Agreement - civil penalty of \$204,600
09/24/07	Invitrogen Corporation	Exported and attempted to export HLA Tissue Typing Trays to Syria without the required licenses; made false statements on Shipper's Export Declaration	764.2(a) [3] 764.2(c) [1] 764.2(g) [4]	Settlement Agreement - civil penalty of \$30,000
09/24/07	Daisy Manufacturing Company, Inc.	Exported and attempted to export rifle scopes to various destinations without the required licenses	764.2(a) [16] 764.2(c) [1]	Settlement Agreement - civil penalty of \$20,400
09/26/07	Jennifer L. Reul-Marr	Conspired to export dental equipment from the United States through the U.A.E. to Iran without the required U.S. Government authorization	764.2(d) [1]	Settlement Agreement - civil penalty of \$7,700
09/26/07	Zimmer Dental Inc.	Exported dental equipment from the United States through the United Arab Emirates to Iran without the required U.S. Government authorization	764.2(a) [52]	Settlement Agreement - civil penalty of \$175,000; \$75,000 suspended

**Table 3**  
**Summary of Antiboycott Cases Closed in Fiscal Year 2007**

<b>Company Name &amp; Location</b>	<b>Date Order Signed</b>	<b>Alleged Violations</b>	<b>Penalty Amount</b>
Gates Europe, NV	10/11/06	61 violations: 59- § 760.2(d) [Furnishing prohibited business information]; 2- § 760.5 [Failure to report the receipt of boycott-related request]	\$91,000
Standard Chartered Bank	10/11/06	3 violations: § 760.2(d) [Furnishing prohibited business information]	\$6,000
International Specialist, Inc.	12/13/06	1 violation: § 760.2(d) [Furnishing prohibited business information]	\$7,800
Price Brothers (UK) Ltd.	12/14/06	5 violations: § 760.2(d) [Furnishing prohibited business information]	\$15,000
National Bank of Egypt (New York)	1/12/07	8 violations: 4- § 760.2(d) [Furnishing prohibited business information]; 4- § 760.5 (b)(8) [Failure to Maintain Records]	\$22,500
Nissan International Transport U.S.A., Inc.	2/16/07	2 violations: 1- § 760.2(d) [Furnishing prohibited business information]; 1- § 760.5 [Failure to report the receipt of boycott-related request]	\$6,000
Cooper Tools Industrial Ltda.	5/16/07	15 violations: § 760.2(d) [Furnishing prohibited business information]	\$27,000
Dresser, Incorporated	7/13/07	9 violations: § 760.5 [Failure to report the receipt of boycott-related request in a timely manner]	\$9,000

QSA Global Inc.	7/27/07	1 violation: § 760.2(d) [Furnishing prohibited business information]	\$1,600
HornerXpress Worldwide, Inc	8/29/07	9 violations: 5- § 760.2(d) [Furnishing prohibited business information]; 3- § 760.5 [Failure to report the receipt of boycott- related request]; 1- § 760.5 (b)(8) [Failure to Maintain Records]	\$8,600

**T = \$194,500**

**Appendix E-1**  
**Antiboycott Reporting Data**  
**Number of Individual Firms, Transactions, Requesting Documents,**  
**and Restrictive Trade Practices by Firm Type**  
October 2006 through September 2007

**ALL TRANSACTIONS (Summary Totals)**  
(The column "Other" includes but is not limited to law firms, consulting firms, and general contractors)

	<b>Exporter</b>	<b>Bank</b>	<b>Forwarder</b>	<b>Carrier</b>	<b>Insurer</b>	<b>Other</b>	<b>Total</b>
Individual Firms Reporting	175	41	7	2	0	111	336
Transactions Reported	495	475	10	8	0	423	1,411
Requesting Documents Involved	495	475	10	8	0	423	1,411
Restrictive Trade Practices Requests	611	490	10	8	0	514	1,633

**Appendix E-2**  
**Number of Restrictive Trade Practices by**  
**Firm Type and Type of Restrictive Trade Practice**  
 October 2006 through September 2007

**ALL TRANSACTIONS**

Restrictive Trade Practice	Exporter	Bank	Forwarder	Carrier	Insurer	Other	Total
Carrier	96	434	9	0	0	38	577
Manufacturer/Vendor/Buyer	57	7	0	0	0	44	108
Insurance	0	0	0	0	0	0	0
Finance	8	7	0	0	0	4	19
Origin of Goods	314	35	1	0	0	104	454
Marked Goods/Packages	0	0	0	0	0	0	0
War Reparations	0	0	0	0	0	0	0
Observe Boycott Laws	69	2	0	0	0	70	141
Race/Religion/Sex/Origin	0	0	0	0	0	0	0
Relations with Boycotted Country	44	4	0	0	0	42	90
Risk of Loss	0	0	0	0	0	0	0
Destination of Goods	12	0	0	8	0	211	231
Other Restrictive Trade Practices	11	1	0	0	0	1	13
<b>Totals</b>	<b>611</b>	<b>490</b>	<b>10</b>	<b>8</b>	<b>0</b>	<b>514</b>	<b>1,633</b>

**OTHER:** Includes but are not limited to law firms, consulting firms, and general contractors.

**TOTAL:** Enhanced to the extent that an exporter and one or more other organizations report on the same transaction.

**Appendix E-3**  
**Number of Restrictive Trade Practices**  
**by Originating Country and Type of Practice**  
October 2006 through September 2007

Country	Carrier	Manufacturer/Vendor/Buyer	Insurance	Finance	Origin of Goods	Marked Goods/Packaging	War Reparations	Observe Boycott Laws	Race/Religion/Sex/Origin	Relations w/Boycotted Country	Risk of Loss	Destination of Goods	Other Restrictive Practices	Total
Bahrain	12	5	0	0	0	0	0	6	0	1	0	0	0	24
Egypt	1	0	0	0	0	0	0	0	0	0	0	0	0	1
Iraq	11	21	0	0	21	0	0	1	0	18	0	0	0	72
Jordan	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Kuwait	18	2	0	0	32	0	0	4	0	0	0	0	0	56
Lebanon	100	0	0	0	5	0	0	5	0	2	0	0	2	114
Libya	6	7	0	0	26	0	0	3	0	7	0	1	0	50
Qatar	14	2	0	0	5	0	0	12	0	2	0	54	5	94
Saudi Arabia	4	13	0	5	25	0	0	7	0	7	0	0	4	65
Syria	16	4	0	0	32	0	0	5	0	22	0	0	0	79
UAE	343	48	0	7	15	0	0	81	0	25	0	22	1	682



Other	52	6	0	7	153	0	0	17	0	6	0	154	1	396
Total	577	108	0	19	454	0	0	141	0	90	0	231	13	1,633
Percent	35	7	0	1	28	0	0	9	0	6	0	14	1	101

**Appendix E-4**  
**Number of Restrictive Trade Practices**  
**by Originating Country and Type of Document**  
October 2006 through September 2007

Country	Bid or Tender Proposal	Carrier Blacklist	Letter of Credit	Questionnaire	Requisition/ Purchase Order	Unwritten	Other Written	Total
Bahrain	10	0	9	0	2	0	1	22
Egypt	0	0	1	0	0	0	0	1
Iraq	27	0	0	8	7	0	4	46
Jordan	0	0	0	0	0	0	0	0
Kuwait	0	0	35	0	10	0	4	49
Lebanon	2	0	101	0	1	1	7	112
Libya	9	0	9	0	14	1	3	36
Qatar	40	0	12	0	35	0	2	89
Saudi Arabia	15	0	12	0	13	0	4	44
Syria	12	0	3	16	9	16	12	68
UAE	161	0	336	0	49	2	16	564
Other	148	0	65	10	139	3	15	380
Total	424	0	583	34	279	23	68	1,411
Percentage (rounded)	30	0	41	2	20	2	5	100

**Appendix E-5**  
**Number and Value of Exporter Transactions by Originating Country**  
**and Decision on the Request**  
 October 2006 through September 2007

**All Transactions**

<b>Country</b>	<b>Take Action(2)</b>	<b>Refuse(3)</b>	<b>Undecided</b>	<b>Total(4)</b>
<b>Bahrain</b>				
Number of Requests	1	7	0	8
Dollar Amount (\$000)	225	22,091	0	22,316
<b>Egypt</b>				
Number of Requests	0	0	0	0
Dollar Amount (\$000)	0	0	0	0
<b>Iraq</b>				
Number of Requests	0	28	0	28
Dollar Amount (\$000)	0	22,070,077	0	22,070,077
<b>Jordan</b>				
Number of Requests	0	0	0	0
Dollar Amount (\$000)	0	0	0	0
<b>Kuwait</b>				
Number of Requests	1	20	0	21
Dollar Amount (\$000)	471	172,008	0	172,479
<b>Lebanon</b>				
Number of Requests	1	10	0	11
Dollar Amount (\$000)	82	33,858	0	33,940
<b>Libya</b>				
Number of Requests	0	20	0	20
Dollar Amount (\$000)	0	937	0	937
<b>Qatar</b>				
Number of Requests	3	23	0	26
Dollar Amount (\$000)	0	7,975	0	7,975
<b>Saudi Arabia</b>				
Number of Requests	1	24	0	25
Dollar Amount (\$000)	13	1,521,428	0	1,521,441
<b>Syria</b>				

**Appendix E-5**  
**Number and Value of Exporter Transactions by Originating Country**  
**and Decision on the Request**

October 2006 through September 2007

**All Transactions**

Number of Requests	1	40	0	41
Dollar Amount (\$000)	0	64,214	0	64,214
<b>UAE</b>				
Number of Requests	13	150	0	163
Dollar Amount (\$000)	420,624	5,060,940	0	5,481,564
<b>Other</b>				
Number of Requests	18	133	1	152
Dollar Amount (\$000)	10,515	344,658	625	355,798
<b>Total</b>				
Number of Requests	39	455	1	495
Dollar Amount (\$000)	431,931	29,298,185	625	29,730,742

Appendix E-6  
Number of Individual Firms, Transactions, Requesting Documents  
and Restrictive Trade Practices Received by  
("Controlled-in-Fact") Foreign Subsidiaries  
October 2006 through September 2007  
ALL TRANSACTIONS (Summary Totals)

<b>Country</b>	<b>Individual Firms Reporting</b>	<b>Transactions Reported</b>	<b>Requesting Documents Involved</b>	<b>Restrictive Trade Practices Requests</b>
<b>United Kingdom</b>	22	41	41	56
<b>France</b>	5	5	5	9
<b>Germany</b>	4	7	7	11
<b>Netherlands</b>	6	17	17	21
<b>Belgium</b>	3	10	10	18
<b>Switzerland</b>	12	27	27	43
<b>Canada</b>	1	4	4	4
<b>Italy</b>	4	19	19	22
<b>Other (European Nations)</b>	3	3	3	5
<b>Other (Arab League Nations)</b>	44	189	189	275
<b>All Other Nations</b>	19	50	50	52
<b>Total</b>	123	372	372	516

## Appendix F

### Approved Applications for Country Group D:1 and Cuba

CCL	DESCRIPTION	APPLICATIONS	DOLLAR VALUE
ALBANIA			
EAR99	ITEMS SUBJECT TO THE EAR N.E.S.	1	\$190,000
1A004	PROTECTIVE AND DETECTION EQUIPMENT	1	\$1,095,475
3A229	FIRING SETS AND HIGH CURRENT PULSE GENERATORS	1	\$161,700
3A231	NEUTRON GENERATOR SYSTEMS INCLUDING TUBES	1	\$540,000
3A232	DETONATORS/MULTIPOINT INITIATION SYSTEMS	1	\$129,870
7A994	OTHER NAVIGATION/AIRBORNE COMMUNICATION EQUIPMENT	1	\$63,000
TOTAL APPLICATIONS: 3			
TOTAL CCL'S: 6			
TOTAL DOLLAR VALUE: \$2,180,045			

ARMENIA			
2A983	EXPLOSIVES OR DETONATOR DETECTION EQUIPMENT	1	\$3,000,000
2D983	EQUIPMENT CONTROLLED BY 2A983	1	\$10,000
3A001	ELECTRONIC DEVICES/COMPONENTS	1	\$1,225
3A101	ELECTRONIC EQUIPMENT/DEVICES NOT CONTROLLED BY 3A0	1	\$4,460,000
3D101	SOFTWARE FOR THE USE OF CERTAIN ITEMS IN 3A101.B	1	\$10,000
3E001	TECHNOLOGY FOR DEV OR PROD OF CERTAIN ITEMS IN 3A/	3	\$3
3E101	TECHNOLOGY FOR THE USE OF CERTAIN ITEMS IN 3A001 &	1	\$10,000
TOTAL APPLICATIONS: 5			
TOTAL CCL'S: 7			
TOTAL DOLLAR VALUE: \$7,491,228			

AZERBAIJAN			
0A984	SHOTGUNS, BUCKSHOT, SHOTGUN SHELLS	1	\$600
0A986	SHOTGUN SHELLS (EXCEPT BUCKSHOT SHELLS) AND PARTS	1	\$400
1A985	FINGERPRINTING POWDERS, DYES, AND INKS	1	\$554
2B350	CHEMICAL MANUFACTURING FACILITIES AND EQUIPMENT	4	\$11,094
3A231	NEUTRON GENERATOR SYSTEMS INCLUDING TUBES	1	\$742,500
3A981	POLYGRAPHS/FINGERPRINT ANALYZERS/CAMERAS/EQUIPMENT	3	\$27,500
3D980	SOFTWARE FOR DEV/PROD/USE OF ITEMS IN 3A980 AND 3A	2	\$30,000
5A002	SYSTEMS/EQUIPMENT/INTEGRATED CIRCUITS FOR INFO SEC	6	\$155,115
5A991	TRANSMISSION ITEMS NOT W/I PARAMETERS IN 5A001	1	\$33,390
5D002	SOFTWARE FOR INFORMATION SECURITY	4	\$2,668
6A001	ACOUSTICS	1	\$228,960
6A003	CAMERAS	1	\$247,375
TOTAL APPLICATIONS: 18			
TOTAL CCL'S: 12			
TOTAL DOLLAR VALUE: \$1,480,156			

CCL	DESCRIPTION	APPLICATIONS	DOLLAR VALUE
BELARUS			
0A982	THUMBCUFFS, LEG IRONS AND SHACKLES	1	\$63
1A004	PROTECTIVE AND DETECTION EQUIPMENT	1	\$9,600
2B352	EQUIPMENT FOR HANDLING BIOLOGICAL MATERIALS	1	\$92,720
3D003	CAD SOFTWARE FOR SEMICONDUCTOR DEVICES/INTEGRATED	1	\$1
3E001	TECHNOLOGY FOR DEV OR PROD OF CERTAIN ITEMS IN 3A/	3	\$3
3E002	OTHER TECHNOLOGY FOR ITEMS IN CATEGORY 3	3	\$3
4D001	SOFTWARE FOR CERTAIN EQUIPMENT/SOFTWARE IN 4A-4D	3	\$3
4D002	SOFTWARE TO SUPPORT TECHNOLOGY CONTROLLED BY 4E	3	\$3
4D003	SPECIFIC SOFTWARE, AS DESCRIBED IN THIS ENTRY	3	\$3
4E001	TECHNOLOGY FOR DEV/PROD/USE OF CERTAIN EQUIP/SOFTW	3	\$3
5A002	SYSTEMS/EQUIPMENT/INTEGRATED CIRCUITS FOR INFO SEC	2	\$113,180
5A991	TRANSMISSION ITEMS NOT W/I PARAMETERS IN 5A001	1	\$131,985
5D001	SOFTWARE FOR DEV/PROD/USE OF ITEMS IN 5A001/5B001/	3	\$3
5D002	SOFTWARE FOR INFORMATION SECURITY	4	\$8,010
5E001	TECHNOLOGY FOR DEV/PROD/USE, ETC, OF EQUIP. IN 5A0	3	\$3
TOTAL APPLICATIONS: 10			
TOTAL CCL'S: 15			
TOTAL DOLLAR VALUE: \$355,583			

BULGARIA

0A982	THUMBCUFFS, LEG IRONS AND SHACKLES	2	\$17,290
0A985	DISCHARGE TYPE ARMS	2	\$60,828
1C111	PROPELLANTS AND CONSTITUENT CHEMICALS	1	\$72,000
1E001	TECHNOLOGY FOR DEVELOPMENT OF EQUIPMENT UNDER 1A00	2	\$2,000
5A002	SYSTEMS/EQUIPMENT/INTEGRATED CIRCUITS FOR INFO SEC	8	\$713,995
5A991	TRANSMISSION ITEMS NOT W/I PARAMETERS IN 5A001	3	\$1,301,465
5D002	SOFTWARE FOR INFORMATION SECURITY	10	\$224,010
5D991	SOFTWARE FOR DEV/PROD/USE WITH 5B994 TEST EQUIPMEN	1	\$4
6A003	CAMERAS	1	\$12,600
9A018	COMMODITIES ON THE INTERNATIONAL MUNITIONS LIST	1	\$186,480
TOTAL APPLICATIONS: 19			
TOTAL CCL'S: 10			
TOTAL DOLLAR VALUE: \$2,590,672			

CAMBODIA

1A985	FINGERPRINTING POWDERS, DYES, AND INKS	1	\$30,000
3A101	ELECTRONIC EQUIPMENT/DEVICES NOT CONTROLLED BY 3A0	1	\$471,200
3A233	MASS SPECTROMETERS	1	\$105,000
9A018	COMMODITIES ON THE INTERNATIONAL MUNITIONS LIST	1	\$137,000

CCL	DESCRIPTION	APPLICATIONS	DOLLAR VALUE
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TOTAL APPLICATIONS: 4  
TOTAL CCL'S: 4  
TOTAL DOLLAR VALUE: \$743,200

CHINA

EAR99	ITEMS SUBJECT TO THE EAR N.E.S.	7	\$325,367
0A979	POLICE HELMETS, SHIELDS AND PARTS	2	\$61,832
0A987	OPTICAL SIGHTING DEVICES FOR FIREARMS	4	\$106,083
1A001	COMPONENTS MADE FROM FLUORINATED COMPOUNDS	3	\$22,200
1A004	PROTECTIVE AND DETECTION EQUIPMENT	12	\$2,214,559
1A995	PROTECTIVE AND DETECTION EQUIPMENT	1	\$770
1B001	EQUIPMENT FOR PRODUCTION OF FIBERS, PREFORMS OR CO	5	\$9,392,267
1B101	OTHER EQUIPMENT FOR PRODUCTION OF FIBERS/PREFORMS/	1	\$93,000
1B117	PRODUCTION EQUIPMENT FOR TESTING OF PROPELLANTS	1	\$460,660
1B201	FILAMENT WINDING MACHINES	4	\$311,700
1C006	FLUIDS AND LUBRICATING MATERIALS	1	\$1,628
1C008	NON-FLUORINATED POLYMERIC SUBSTANCES	56	\$102,235,975
1C010	FIBROUS/FILAMENTARY MATERIALS USED IN MATRIX STRUC	23	\$15,164,733
1C011	METALS AND COMPOUNDS	1	\$315,360
1C107	GRAPHITE AND CERAMIC MATERIALS	1	\$1,980,000
1C202	ALUMINUM AND TITANIUM ALLOYS IN THE FORM OF TUBES/	9	\$5,345,815
1C210	FIBROUS/FILAMENTARY MATERIALS NOT CONTROLLED BY 1C	8	\$17,039,193
1C225	BORON AND BORON COMPOUNDS/MIXTURES AND LOADED MATE	1	\$70,000
1C229	HIGH PURITY BISMUTH WITH LOW SILVER CONTENT	1	\$15
1C230	BERYLLIUM	6	\$125,049
1C231	HAFNIUM	8	\$208,055
1C232	HELIUM-3 OR HELIUM ISOTOPICALLY ENRICHED IN THE HE	4	\$173,300
1C233	LITHIUM	1	\$14,220
1C234	ZIRCONIUM, WITH A HAFNIUM CONTENT	6	\$1,690,512
1C240	NICKEL POWDER OR POROUS NICKEL METAL	1	\$8,835,400
1C350	CHEMICALS, PRECURSORS FOR TOXIC CHEMICAL AGENTS	70	\$181,828,490
1C351	HUMAN PATHOGENS, ZOONOSSES, AND TOXINS	47	\$8,440
1C352	ANIMAL PATHOGENS	1	\$0
1C991	VACCINES, IMMUNOTOXINS AND MEDICAL PRODUCTS	1	\$30
1C992	OIL WELL PERFORATORS	2	\$14,545,591
1E001	TECHNOLOGY FOR DEVELOPMENT OF EQUIPMENT UNDER 1A00	10	\$708
1E002	OTHER TECHNOLOGY	1	\$1
1E101	TECHNOLOGY FOR DEVELOPMENT OF EQUIPMENT UNDER 1A10	1	\$1
1E103	TECHNOLOGY TO REGULATE TEMPERATURE OF COMPOSITES	1	\$1
1E201	TECHNOLOGY FOR USE OF 1A002,1A202,1A225 TO 1B225	2	\$1
1E350	TECHNOLOGY FOR USE OF 1C350 CHEMICALS	4	\$2,000,001
1E351	TECHNOLOGY FOR USE OF MICROBIOLOGICAL MATERIALS	3	\$1,000,002
2A226	VALVES NOT CONTROLLED BY 0B001	1	\$111,568
2A292	PIPING/FITTINGS/VALVES MADE/LINED WITH NAMED ALLOY	1	\$75,100
2A983	EXPLOSIVES OR DETONATOR DETECTION EQUIPMENT	55	\$26,366,520
2B001	NUMERICAL CONTROL UNITS/MOTION CONTROL BOARDS	14	\$15,587,787
2B005	PROCESSING EQUIPMENT OF INORGANIC OVERLAYS/COATINGS	25	\$2,254,380
2B006	DIMENSIONAL INSPECTION/MEASURING SYSTEMS OR EQUIPM	6	\$1,610,574



CCL	DESCRIPTION	APPLICATIONS	DOLLAR VALUE
2B008	ASSEMBLIES/UNITS/INSERTS FOR MACHINE TOOLS IN 2B00	4	\$105,000
2B104	EQUIPMENT FOR MAKING STRUCTURAL COMPOSITE ROCKET N	1	\$1,790,000
2B201	MACHINE TOOLS FOR REMOVING OR CUTTING METALS	4	\$637,131
2B204	ISOSTATIC PRESSES NOT CONTROLLED BY 2B004 OR 2B104	1	\$629,800
2B226	VACUUM AND CONTROLLED ENVIRONMENT INDUCTION FURNAC	3	\$4,195,000
2B227	VACUUM AND CONTROLLED ATMOSPHERE MELTING/CASTING F	2	\$26,435,000
2B229	CENTRIFUGAL BALANCING MACHINES	3	\$739,000
2B230	PRESSURE TRANSDUCERS	53	\$11,654,668
2B231	VACUUM PUMPS	11	\$286,161
2B350	CHEMICAL MANUFACTURING FACILITIES AND EQUIPMENT	249	\$40,962,280
2B351	TOXIC GAS MONITORING SYSTEMS & DEDICATED DETECTORS	21	\$1,333,542
2B352	EQUIPMENT FOR HANDLING BIOLOGICAL MATERIALS	38	\$7,949,850
2D001	SOFTWARE FOR EQUIPMENT IN CATEGORY 2A/2B	1	\$1
2D002	ADAPTIVE CONTROL/ELECTRONIC DEVICE SOFTWARE	3	\$2
2D201	SOFTWARE FOR USE OF COMMODITIES CONTROLLED BY 2B20	1	\$1
2D202	"SOFTWARE" SPECIALLY DESIGNED FOR 2B201 EQUIPMENT	1	\$0
2D983	EQUIPMENT CONTROLLED BY 2A983	1	\$114
2E001	TECHNOLOGY SUPPORTING EQUIPMENT/SOFTWARE IN 2A/2B/	16	\$3,850,013
2E002	TECHNOLOGY SUPPORTING EQUIPMENT/PRODUCTION IN 2A/2	12	\$1,440,010
2E003	OTHER TECHNOLOGY	2	\$2
2E201	TECHNOLOGY FOR USE OF COMMODITIES CONTROLLED BY 2A	2	\$560,000
2E301	TECHNOLOGY FOR USE OF COMMODITIES CONTROLLED BY 2B	3	\$3
2E983	SOFTWARE CONTROLLED BY 2D983	1	\$1
3A001	ELECTRONIC DEVICES/COMPONENTS	61	\$4,067,062,350
3A002	GENERAL PURPOSE ELECTRONIC EQUIPMENT	12	\$12,434,829
3A003	SPRAY COOLING THERMAL MANAGEMENT SYSTEMS	1	\$0
3A225	INVERTERS/CONVERTERS/FREQUENCY CHANGERS/GENERATORS	2	\$35,518
3A229	FIRING SETS AND HIGH CURRENT PULSE GENERATORS	1	\$352,358
3A231	NEUTRON GENERATOR SYSTEMS INCLUDING TUBES	8	\$6,580,500
3A232	DETONATORS/MULTIPOINT INITIATION SYSTEMS	1	\$635,500
3A233	MASS SPECTROMETERS	25	\$2,811,049
3A992	GENERAL PURPOSE ELECTRONIC EQUIPMENT	5	\$117,636
3B001	EPITAXIAL EQUIPMENT FOR SEMICONDUCTORS	81	\$1,404,200,126
3B991	OTHER MFG/TEST EQUIPMENT NOT CONTROLLED BY 3B	1	\$295,500
3C001	HETERO-EPITAXIAL MATERIALS	2	\$89,430,640
3C002	RESIST MATERIALS	21	\$2,175,000
3C003	ORGANO-INORGANIC COMPOUNDS DESCRIBED IN THIS ENTRY	21	\$31,119,750
3C004	HYDRIDES OF PHOSPHORUS, ARSENIC, OR ANTIMONY	43	\$58,719,874
3D001	SOFTWARE FOR DEV OR PROD OF EQUIP CERTAIN ITEMS IN	2	\$4,556
3D002	SOFTWARE FOR USE OF CERTAIN EQUIPMENT CONTROLLED B	4	\$8
3D003	CAD SOFTWARE FOR SEMICONDUCTOR DEVICES/INTEGRATED	28	\$28
3E001	TECHNOLOGY FOR DEV OR PROD OF CERTAIN ITEMS IN 3A/	243	\$5,388
3E002	OTHER TECHNOLOGY FOR ITEMS IN CATEGORY 3	224	\$1,559,834,098
3E003	OTHER "TECHNOLOGY"	11	\$2
3E980	TECHNOLOGY FOR ITEMS CONTROLLED BY 3A980 AND 3A981	1	\$1
3E991	MANUFACTURING AND TEST EQUIPMENT FOR 3B991/92	2	\$0
4A003	DIGITAL COMPUTERS/ASSEMBLIES AND RELATED EQUIPMENT	3	\$4,000,255
4A994	ITEMS NOT CONTROLLED BY 4A001/4A002/4A003	1	\$28,396
4D001	SOFTWARE FOR CERTAIN EQUIPMENT/SOFTWARE IN 4A-4D	139	\$139
4D002	SOFTWARE TO SUPPORT TECHNOLOGY CONTROLLED BY 4E	136	\$136
4D003	SPECIFIC SOFTWARE, AS DESCRIBED IN THIS ENTRY	140	\$140
4E001	TECHNOLOGY FOR DEV/PROD/USE OF CERTAIN EQUIP/SOFTW	170	\$170
4E980	TECHNOLOGY FOR DEV/PROD/USE OF ITEMS IN 4A980	1	\$1

CCL	DESCRIPTION	APPLICATIONS	DOLLAR VALUE
5A001	TELECOMMUNICATIONS/TRANSMISSION EQUIPMENT	1	\$0
5A002	SYSTEMS/EQUIPMENT/INTEGRATED CIRCUITS FOR INFO SEC	64	\$9,707,880
5A991	TRANSMISSION ITEMS NOT W/I PARAMETERS IN 5A001	26	\$6,267,443
5A992	INFORMATION SECURITY EQUIPMENT	1	\$7,390
5B002	TEST/INSPECTION/PRODUCTION EQUIP FOR INFORMATION S	4	\$4
5D001	SOFTWARE FOR DEV/PROD/USE OF ITEMS IN 5A001/5B001/	141	\$140
5D002	SOFTWARE FOR INFORMATION SECURITY	69	\$381,050
5D991	SOFTWARE FOR DEV/PROD/USE WITH 5B994 TEST EQUIPMEN	1	\$2
5D992	SOFTWARE NOT CONTROLLED BY 5D002	1	\$2,308
5E001	TECHNOLOGY FOR DEV/PROD/USE, ETC, OF EQUIP. IN 5A0	392	\$376,586
5E002	TECHNOLOGY FOR DEV/PROD/USE OF INFORMATION SECURIT	39	\$50,156
5E991	TECHNOLOGY FOR DEV/PROD/USE OF 5B994 OR 5D991	1	\$0
6A001	ACOUSTICS	2	\$2,835,742
6A003	CAMERAS	35	\$1,283,374
6A005	OPTICAL EQUIPMENT (LASERS)	5	\$732,686
6A006	MAGNETOMETERS/MAGNETIC GRADIOMETERS/COMPENSATION S	1	\$45,250
6A203	CAMERAS/COMPONENTS NOT CONTROLLED BY ECCN 6A003	14	\$788,315
7A101	ACCELEROMETERS, OTHER THAN THOSE IN 7A001	3	\$63,320
7A103	INSTRUMENTATION, NAVIGATION EQUIPMENT/SYSTEMS NOT	16	\$15,070,697
7D003	OTHER SOFTWARE	2	\$2
7D101	SOFTWARE FOR COMMODITIES CONTROLLED BY 7A001/004,	2	\$5,500
7E001	TECHNOLOGY FOR DEVELOPMENT OF EQ. CONTROLLED BY 7A	1	\$1
7E004	OTHER TECHNOLOGY	3	\$6,560,002
7E101	TECHNOLOGY FOR EQUIPMENT/SOFTWARE CONTROLLED BY 7A	3	\$6,000
9A001	AERO GAS TURBINE ENGINES	1	\$30,000,000
9A003	GAS TURBINE ENGINE PROPULSION SYSTEMS	1	\$25,000,000
9A101	GAS TURBINE AERO ENGINES NOT CONTROLLED IN 9A001	1	\$608,260

TOTAL APPLICATIONS: 1841  
TOTAL CCL'S: 123  
TOTAL DOLLAR VALUE: \$7,853,780,523

CUBA

EAR99	ITEMS SUBJECT TO THE EAR N.E.S.	315	\$3,492,867,373
1C991	VACCINES, IMMUNOTOXINS AND MEDICAL PRODUCTS	1	\$1,868
2A994	PORTABLE ELECTRIC GENERATORS AND SPECIALLY DESIGNE	2	\$11,503,420
3A992	GENERAL PURPOSE ELECTRONIC EQUIPMENT	1	\$2,040
4A994	ITEMS NOT CONTROLLED BY 4A001/4A002/4A003	9	\$1,617,506
4D994	SOFTWARE FOR DEV/PROD/USE OF ITEMS IN 4A994/4B994/	2	\$13,198
5A002	SYSTEMS/EQUIPMENT/INTEGRATED CIRCUITS FOR INFO SEC	1	\$5,995
5A991	TRANSMISSION ITEMS NOT W/I PARAMETERS IN 5A001	8	\$1,916,744
5A992	INFORMATION SECURITY EQUIPMENT	2	\$59,776
5D992	SOFTWARE NOT CONTROLLED BY 5D002	4	\$438,125
7A994	OTHER NAVIGATION/AIRBORNE COMMUNICATION EQUIPMENT	2	\$10,775
7D994	FOTHER SOFTWARE FOR NAVIGATION AND AVIONICS	1	\$400
8A992	UNDERWATER SYSTEMS OR EQUIPMENT	39	\$11,349,002
9A018	COMMODITIES ON THE INTERNATIONAL MUNITIONS LIST	1	\$1,050,000
9A991	AIRCRAFT AND CERTAIN GAS TURBINE ENGINES N.E.S.	10	\$2,700,002

CCL	DESCRIPTION	APPLICATIONS	DOLLAR VALUE
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TOTAL APPLICATIONS: 364  
TOTAL CCL'S: 15  
TOTAL DOLLAR VALUE: \$3,523,536,224

ESTONIA

0A982	THUMBCUFFS, LEG IRONS AND SHACKLES	1	\$1,050,000
1C351	HUMAN PATHOGENS, ZOONOSES, AND TOXINS	3	\$1,125
6A003	CAMERAS	3	\$36,593

TOTAL APPLICATIONS: 7  
TOTAL CCL'S: 3  
TOTAL DOLLAR VALUE: \$1,087,718

GEORGIA

0A982	THUMBCUFFS, LEG IRONS AND SHACKLES	1	\$6,800
0A984	SHOTGUNS, BUCKSHOT, SHOTGUN SHELLS	1	\$33,000
2A983	EXPLOSIVES OR DETONATOR DETECTION EQUIPMENT	1	\$731,500
2D983	EQUIPMENT CONTROLLED BY 2A983	1	\$16,000
3A229	FIRING SETS AND HIGH CURRENT PULSE GENERATORS	1	\$60,000
3A232	DETONATORS/MULTIPOINT INITIATION SYSTEMS	1	\$120,000
5A002	SYSTEMS/EQUIPMENT/INTEGRATED CIRCUITS FOR INFO SEC	3	\$167,763
5D002	SOFTWARE FOR INFORMATION SECURITY	3	\$10
5E002	TECHNOLOGY FOR DEV/PROD/USE OF INFORMATION SECURIT	1	\$10
9A018	COMMODITIES ON THE INTERNATIONAL MUNITIONS LIST	1	\$7,440,905

TOTAL APPLICATIONS: 9  
TOTAL CCL'S: 10  
TOTAL DOLLAR VALUE: \$8,575,988

KAZAKHSTAN

EAR99	ITEMS SUBJECT TO THE EAR N.E.S.	3	\$570,000
0A987	OPTICAL SIGHTING DEVICES FOR FIREARMS	4	\$182,579
1A004	PROTECTIVE AND DETECTION EQUIPMENT	5	\$3,333,224
2A983	EXPLOSIVES OR DETONATOR DETECTION EQUIPMENT	1	\$2,000,000
2B350	CHEMICAL MANUFACTURING FACILITIES AND EQUIPMENT	3	\$323,750
2B351	TOXIC GAS MONITORING SYSTEMS & DEDICATED DETECTORS	1	\$87,288
2D983	EQUIPMENT CONTROLLED BY 2A983	1	\$10,000
3A101	ELECTRONIC EQUIPMENT/DEVICES NOT CONTROLLED BY 3A0	2	\$5,895,000
3D101	SOFTWARE FOR THE USE OF CERTAIN ITEMS IN 3A101.B	2	\$15,000
3E001	TECHNOLOGY FOR DEV OR PROD OF CERTAIN ITEMS IN 3A/	1	\$1
3E002	OTHER TECHNOLOGY FOR ITEMS IN CATEGORY 3	1	\$1

CCL	DESCRIPTION	APPLICATIONS	DOLLAR VALUE
3E101	TECHNOLOGY FOR THE USE OF CERTAIN ITEMS IN 3A001 &	1	\$5,000
4D001	SOFTWARE FOR CERTAIN EQUIPMENT/SOFTWARE IN 4A-4D	1	\$1
4D002	SOFTWARE TO SUPPORT TECHNOLOGY CONTROLLED BY 4E	1	\$1
4D003	SPECIFIC SOFTWARE, AS DESCRIBED IN THIS ENTRY	1	\$1
4E001	TECHNOLOGY FOR DEV/PROD/USE OF CERTAIN EQUIP/SOFTW	1	\$1
5A001	TELECOMMUNICATIONS/TRANSMISSION EQUIPMENT	1	\$1
5A002	SYSTEMS/EQUIPMENT/INTEGRATED CIRCUITS FOR INFO SEC	8	\$1,444,041
5A991	TRANSMISSION ITEMS NOT W/I PARAMETERS IN 5A001	5	\$3,535,160
5B001	EQUIPMENT FOR DEV/PROD OR USE OF ITEMS IN 5A001	1	\$1
5D001	SOFTWARE FOR DEV/PROD/USE OF ITEMS IN 5A001/5B001/	2	\$2
5D002	SOFTWARE FOR INFORMATION SECURITY	10	\$567,540
5E001	TECHNOLOGY FOR DEV/PROD/USE, ETC, OF EQUIP. IN 5A0	2	\$2
6A001	ACOUSTICS	1	\$590
6A003	CAMERAS	4	\$347,960
6A006	MAGNETOMETERS/MAGNETIC GRADIOMETERS/COMPENSATION S	1	\$195,000
7A994	OTHER NAVIGATION/AIRBORNE COMMUNICATION EQUIPMENT	3	\$189,000
9A018	COMMODITIES ON THE INTERNATIONAL MUNITIONS LIST	1	\$557,566
TOTAL APPLICATIONS: 34			
TOTAL CCL'S: 28			
TOTAL DOLLAR VALUE: \$19,258,710			

KOREA DEMOCRATIC PEOPLE'S REPUBLIC

EAR99	ITEMS SUBJECT TO THE EAR N.E.S.	8	\$26,332,469
4A994	ITEMS NOT CONTROLLED BY 4A001/4A002/4A003	1	\$56,656
5A991	TRANSMISSION ITEMS NOT W/I PARAMETERS IN 5A001	1	\$13,500
5A992	INFORMATION SECURITY EQUIPMENT	1	\$700
5D992	SOFTWARE NOT CONTROLLED BY 5D002	2	\$32,119
9A991	AIRCRAFT AND CERTAIN GAS TURBINE ENGINES N.E.S.	1	\$0
TOTAL APPLICATIONS: 9			
TOTAL CCL'S: 6			
TOTAL DOLLAR VALUE: \$26,435,444			

KYRGYZSTAN

EAR99	ITEMS SUBJECT TO THE EAR N.E.S.	1	\$1,581
0A018	ITEMS ON THE INTERNATIONAL MUNITIONS LIST	1	\$11,160
0A982	THUMBCUFFS, LEG IRONS AND SHACKLES	1	\$889
1A005	BODY ARMOR	1	\$13,590
1A985	FINGERPRINTING POWDERS, DYES, AND INKS	2	\$125,000
5A002	SYSTEMS/EQUIPMENT/INTEGRATED CIRCUITS FOR INFO SEC	1	\$1,636
5A992	INFORMATION SECURITY EQUIPMENT	1	\$27,594
5D002	SOFTWARE FOR INFORMATION SECURITY	2	\$352
6A002	OPTICAL SENSORS	1	\$28,730

TOTAL APPLICATIONS: 5  
TOTAL CCL'S: 9  
TOTAL DOLLAR VALUE: \$210,532

CCL	DESCRIPTION	APPLICATIONS	DOLLAR VALUE
LAOS			
2A983	EXPLOSIVES OR DETONATOR DETECTION EQUIPMENT	1	\$382,000
6A003	CAMERAS	1	\$19,430
9A018	COMMODITIES ON THE INTERNATIONAL MUNITIONS LIST	1	\$4,000
TOTAL APPLICATIONS: 3			
TOTAL CCL'S: 3			
TOTAL DOLLAR VALUE: \$405,430			
LATVIA			
0A985	DISCHARGE TYPE ARMS	2	\$76,000
6A003	CAMERAS	2	\$320,000
TOTAL APPLICATIONS: 4			
TOTAL CCL'S: 2			
TOTAL DOLLAR VALUE: \$396,000			
LITHUANIA			
0A985	DISCHARGE TYPE ARMS	4	\$406,861
0A987	OPTICAL SIGHTING DEVICES FOR FIREARMS	2	\$11,000
1A004	PROTECTIVE AND DETECTION EQUIPMENT	1	\$38,560
1B201	FILAMENT WINDING MACHINES	1	\$269,290
2B230	PRESSURE TRANSDUCERS	1	\$1,011
6A003	CAMERAS	6	\$83,142
9A018	COMMODITIES ON THE INTERNATIONAL MUNITIONS LIST	1	\$48,697
TOTAL APPLICATIONS: 16			
TOTAL CCL'S: 7			
TOTAL DOLLAR VALUE: \$858,561			
MOLDOVA			
3A002	GENERAL PURPOSE ELECTRONIC EQUIPMENT	1	\$6,351
3A981	POLYGRAPHS/FINGERPRINT ANALYZERS/CAMERAS/EQUIPMENT	1	\$17,850

CCL	DESCRIPTION	APPLICATIONS	DOLLAR VALUE
5A002	SYSTEMS/EQUIPMENT/INTEGRATED CIRCUITS FOR INFO SEC	1	\$15,990
5D002	SOFTWARE FOR INFORMATION SECURITY	1	\$2
TOTAL APPLICATIONS: 3			
TOTAL CCL'S: 4			
TOTAL DOLLAR VALUE: \$40,193			

MONGOLIA

0A987	OPTICAL SIGHTING DEVICES FOR FIREARMS	1	\$4,651
TOTAL APPLICATIONS: 1			
TOTAL CCL'S: 1			
TOTAL DOLLAR VALUE: \$4,651			

ROMANIA

0A985	DISCHARGE TYPE ARMS	1	\$65,000
1A985	FINGERPRINTING POWDERS, DYES, AND INKS	1	\$45,000
1E001	TECHNOLOGY FOR DEVELOPMENT OF EQUIPMENT UNDER 1A00	2	\$1,001
5A002	SYSTEMS/EQUIPMENT/INTEGRATED CIRCUITS FOR INFO SEC	11	\$7,845,253
5A991	TRANSMISSION ITEMS NOT W/I PARAMETERS IN 5A001	2	\$1,061,820
5D002	SOFTWARE FOR INFORMATION SECURITY	13	\$421,614
5E001	TECHNOLOGY FOR DEV/PROD/USE, ETC, OF EQUIP. IN 5A0	3	\$3
5E002	TECHNOLOGY FOR DEV/PROD/USE OF INFORMATION SECURIT	5	\$5
6A003	CAMERAS	7	\$222,933
7A103	INSTRUMENTATION, NAVIGATION EQUIPMENT/SYSTEMS NOT	1	\$225,500
TOTAL APPLICATIONS: 30			
TOTAL CCL'S: 10			
TOTAL DOLLAR VALUE: \$9,888,129			

RUSSIA FEDERATION

EAR99	ITEMS SUBJECT TO THE EAR N.E.S.	37	\$1,916,739
0A979	POLICE HELMETS, SHIELDS AND PARTS	1	\$93,500
0A982	THUMBCUFFS, LEG IRONS AND SHACKLES	4	\$8,068
0A984	SHOTGUNS, BUCKSHOT,SHOTGUN SHELLS	8	\$165,096
0A987	OPTICAL SIGHTING DEVICES FOR FIREARMS	56	\$6,723,024
1A001	COMPONENTS MADE FROM FLUORINATED COMPOUNDS	1	\$25,000
1A005	BODY ARMOR	1	\$115,000
1A984	CHEMICAL AGENTS, INCLUDING TEAR GAS	1	\$122,000
1A985	FINGERPRINTING POWDERS, DYES, AND INKS	1	\$500,000
1A999	SPECIFIC PROCESSING EQUIPMENT, N.E.S	8	\$253,339

CCL	DESCRIPTION	APPLICATIONS	DOLLAR VALUE
1B001	EQUIPMENT FOR PRODUCTION OF FIBERS, PREFORMS OR CO	1	\$660,000
1B018	EQUIPMENT ON THE INTERNATIONAL MUNITIONS LIST	1	\$82,697
1C006	FLUIDS AND LUBRICATING MATERIALS	3	\$74,250
1C008	NON-FLUORINATED POLYMERIC SUBSTANCES	3	\$8,922,000
1C010	FIBROUS/FILAMENTARY MATERIALS USED IN MATRIX STRUC	1	\$75,000
1C232	HELIUM-3 OR HELIUM ISOTOPICALLY ENRICHED IN THE HE	1	\$48,800
1C234	ZIRCONIUM, WITH A HAFNIUM CONTENT	1	\$1,340
1C350	CHEMICALS, PRECURSORS FOR TOXIC CHEMICAL AGENTS	1	\$5,582,500
1E001	TECHNOLOGY FOR DEVELOPMENT OF EQUIPMENT UNDER 1A00	6	\$302,000
1E101	TECHNOLOGY FOR DEVELOPMENT OF EQUIPMENT UNDER 1A10	2	\$0
1E103	TECHNOLOGY TO REGULATE TEMPERATURE OF COMPOSITES	2	\$1
1E201	TECHNOLOGY FOR USE OF 1A002,1A202,1A225 TO 1B225	1	\$1
1E202	TECHNOLOGY FOR DEVELOPMENT OR PRODUCTION OF 1A202,	1	\$0
2A983	EXPLOSIVES OR DETONATOR DETECTION EQUIPMENT	17	\$4,231,032
2B001	NUMERICAL CONTROL UNITS/MOTION CONTROL BOARDS	2	\$437,610
2B005	PROCESSING EQUIPMENT OF INORGANIC OVERLAYS/COATINGS	1	\$2,363
2B116	VIBRATION TEST SYSTEMS, EQUIPMENT, AND COMPONENTS TH	1	\$868,500
2B350	CHEMICAL MANUFACTURING FACILITIES AND EQUIPMENT	7	\$9,035,616
2B351	TOXIC GAS MONITORING SYSTEMS & DEDICATED DETECTORS	1	\$25,317
2B352	EQUIPMENT FOR HANDLING BIOLOGICAL MATERIALS	3	\$343,613
2D290	SOFTWARE SPECIALLY DESIGNED OR MODIFIED FOR 2A290/	1	\$139,000
2D983	EQUIPMENT CONTROLLED BY 2A983	3	\$120,501
2E001	TECHNOLOGY SUPPORTING EQUIPMENT/SOFTWARE IN 2A/2B/	1	\$0
2E201	TECHNOLOGY FOR USE OF COMMODITIES CONTROLLED BY 2A	1	\$0
2E983	SOFTWARE CONTROLLED BY 2D983	3	\$5,001
3A001	ELECTRONIC DEVICES/COMPONENTS	42	\$1,265,799
3A002	GENERAL PURPOSE ELECTRONIC EQUIPMENT	14	\$1,443,213
3A101	ELECTRONIC EQUIPMENT/DEVICES NOT CONTROLLED BY 3A0	10	\$17,519,300
3A228	SWITCHING DEVICES	1	\$40,000
3A231	NEUTRON GENERATOR SYSTEMS INCLUDING TUBES	1	\$200,000
3A981	POLYGRAPHS/FINGERPRINT ANALYZERS/CAMERAS/EQUIPMENT	6	\$107,100
3A992	GENERAL PURPOSE ELECTRONIC EQUIPMENT	12	\$334,980
3A999	SPECIFIC PROCESSING EQUIPMENT, N.E.S.	3	\$320,449
3B001	EPITAXIAL EQUIPMENT FOR SEMICONDUCTORS	2	\$10,887,500
3D001	SOFTWARE FOR DEV OR PROD OF EQUIP CERTAIN ITEMS IN	1	\$7,698
3D002	SOFTWARE FOR USE OF CERTAIN EQUIPMENT CONTROLLED B	2	\$2
3D003	CAD SOFTWARE FOR SEMICONDUCTOR DEVICES/INTEGRATED	7	\$7
3D980	SOFTWARE FOR DEV/PROD/USE OF ITEMS IN 3A980 AND 3A	2	\$0
3D991	GENERAL PURPOSE ELECTRONIC EQUIPMENT FOR 3A992	3	\$8,552
3E001	TECHNOLOGY FOR DEV OR PROD OF CERTAIN ITEMS IN 3A/	60	\$58
3E002	OTHER TECHNOLOGY FOR ITEMS IN CATEGORY 3	61	\$62
3E003	OTHER "TECHNOLOGY"	1	\$0
3E991	MANUFACTURING AND TEST EQUIPMENT FOR 3B991/92	2	\$0
4A001	RUGGEDIZED ELECTRONIC COMPUTERS/RELATED EQUIPMENT	2	\$7,160
4A003	DIGITAL COMPUTERS/ASSEMBLIES AND RELATED EQUIPMENT	2	\$5,273
4A980	COMPUTERS FOR FINGERPRINT EQUIPMENT, N.E.S.	1	\$250,000
4A994	ITEMS NOT CONTROLLED BY 4A001/4A002/4A003	5	\$58,292
4D001	SOFTWARE FOR CERTAIN EQUIPMENT/SOFTWARE IN 4A-4D	54	\$54
4D002	SOFTWARE TO SUPPORT TECHNOLOGY CONTROLLED BY 4E	50	\$50
4D003	SPECIFIC SOFTWARE, AS DESCRIBED IN THIS ENTRY	50	\$50
4D980	SOFTWARE FOR DEV/PROD/USE WITH 4A980 ITEMS	1	\$4,000
4E001	TECHNOLOGY FOR DEV/PROD/USE OF CERTAIN EQUIP/SOFTW	56	\$56
4E992	TECHNOLOGY FOR DEV/PROD/USE OF 4A994/4B994/4C994	1	\$10

CCL	DESCRIPTION	APPLICATIONS	DOLLAR VALUE
5A002	SYSTEMS/EQUIPMENT/INTEGRATED CIRCUITS FOR INFO SEC	16	\$1,216,775
5A991	TRANSMISSION ITEMS NOT W/I PARAMETERS IN 5A001	6	\$952,615
5A992	INFORMATION SECURITY EQUIPMENT	1	\$1
5B001	EQUIPMENT FOR DEV/PROD OR USE OF ITEMS IN 5A001	1	\$1
5D001	SOFTWARE FOR DEV/PROD/USE OF ITEMS IN 5A001/5B001/	51	\$51
5D002	SOFTWARE FOR INFORMATION SECURITY	24	\$186,769
5D992	SOFTWARE NOT CONTROLLED BY 5D002	3	\$3,401
5E001	TECHNOLOGY FOR DEV/PROD/USE, ETC, OF EQUIP. IN 5A0	56	\$59
5E002	TECHNOLOGY FOR DEV/PROD/USE OF INFORMATION SECURIT	5	\$5
5E992	TECHNOLOGY FOR INFORMATION SECURITY/CRYPTOLOGY	1	\$1
6A001	ACOUSTICS	6	\$1,700,554
6A002	OPTICAL SENSORS	2	\$27,030
6A003	CAMERAS	112	\$4,095,550
6A005	OPTICAL EQUIPMENT (LASERS)	1	\$87,500
6A225	VELOCITY INTERFEROMETERS FOR MEASURING VELOCITIES	1	\$126,000
7A103	INSTRUMENTATION, NAVIGATION EQUIPMENT/SYSTEMS NOT	6	\$7,860,640
7D101	SOFTWARE FOR COMMODITIES CONTROLLED BY 7A001/004,	3	\$1,000
7E001	TECHNOLOGY FOR DEVELOPMENT OF EQ. CONTROLLED BY 7A	1	\$0
7E101	TECHNOLOGY FOR EQUIPMENT/SOFTWARE CONTROLLED BY 7A	4	\$51,000
9A003	GAS TURBINE ENGINE PROPULSION SYSTEMS	1	\$250,000
9A004	SPACECRAFT	6	\$862,047
9A018	COMMODITIES ON THE INTERNATIONAL MUNITIONS LIST	4	\$558,311
9D003	SOFTWARE FOR USE OF FADEC FOR CERTAIN PROPULSION S	2	\$4,752,500
9E001	TECHNOLOGY FOR DEV OF EQUIPMENT OR SOFTWARE IN 9A/	1	\$1
9E003	OTHER TECHNOLOGY	1	\$9,648,000
TOTAL APPLICATIONS: 476			
TOTAL CCL'S: 88			
TOTAL DOLLAR VALUE: \$105,718,384			

TAJIKISTAN

1A004	PROTECTIVE AND DETECTION EQUIPMENT	2	\$1,432,398
TOTAL APPLICATIONS: 2			
TOTAL CCL'S: 1			
TOTAL DOLLAR VALUE: \$1,432,398			

TURKMENISTAN

1A004	PROTECTIVE AND DETECTION EQUIPMENT	1	\$173,925
3A231	NEUTRON GENERATOR SYSTEMS INCLUDING TUBES	1	\$675,000
TOTAL APPLICATIONS: 2			
TOTAL CCL'S: 2			
TOTAL DOLLAR VALUE: \$848,925			



CCL	DESCRIPTION	APPLICATIONS	DOLLAR VALUE
UKRAINE			
EAR99	ITEMS SUBJECT TO THE EAR N.E.S.	1	\$0
0A984	SHOTGUNS, BUCKSHOT, SHOTGUN SHELLS	12	\$741,374
0A985	DISCHARGE TYPE ARMS	1	\$90,000
0A986	SHOTGUN SHELLS (EXCEPT BUCKSHOT SHELLS) AND PARTS	2	\$15,380
0A987	OPTICAL SIGHTING DEVICES FOR FIREARMS	12	\$2,151,501
1C006	FLUIDS AND LUBRICATING MATERIALS	1	\$10,500
2A983	EXPLOSIVES OR DETONATOR DETECTION EQUIPMENT	2	\$474,765
2B001	NUMERICAL CONTROL UNITS/MOTION CONTROL BOARDS	3	\$440,000
2D983	EQUIPMENT CONTROLLED BY 2A983	1	\$1
2E003	OTHER TECHNOLOGY	1	\$5
2E983	SOFTWARE CONTROLLED BY 2D983	1	\$1
3A001	ELECTRONIC DEVICES/COMPONENTS	3	\$6,188
3A002	GENERAL PURPOSE ELECTRONIC EQUIPMENT	1	\$73,836
3A981	POLYGRAPHS/FINGERPRINT ANALYZERS/CAMERAS/EQUIPMENT	21	\$270,150
3D980	SOFTWARE FOR DEV/PROD/USE OF ITEMS IN 3A980 AND 3A	2	\$0
3E001	TECHNOLOGY FOR DEV OR PROD OF CERTAIN ITEMS IN 3A/	1	\$0
3E002	OTHER TECHNOLOGY FOR ITEMS IN CATEGORY 3	1	\$1
5A991	TRANSMISSION ITEMS NOT W/I PARAMETERS IN 5A001	1	\$13,375
5D002	SOFTWARE FOR INFORMATION SECURITY	1	\$9,750
5E001	TECHNOLOGY FOR DEV/PROD/USE, ETC, OF EQUIP. IN 5A0	1	\$0
6A003	CAMERAS	19	\$356,963
7A003	INERTIAL NAVIGATION SYSTEMS (GIMBALLED/STRAPDOWN)	2	\$7,090
9A018	COMMODITIES ON THE INTERNATIONAL MUNITIONS LIST	1	\$243,150
9E003	OTHER TECHNOLOGY	1	\$3
TOTAL APPLICATIONS: 83			
TOTAL CCL'S: 24			
TOTAL DOLLAR VALUE: \$4,904,033			

UZBEKISTAN

EAR99	ITEMS SUBJECT TO THE EAR N.E.S.	1	\$190,000
1A004	PROTECTIVE AND DETECTION EQUIPMENT	2	\$1,096,359
6A003	CAMERAS	1	\$9,800
7A994	OTHER NAVIGATION/AIRBORNE COMMUNICATION EQUIPMENT	1	\$63,000
TOTAL APPLICATIONS: 3			
TOTAL CCL'S: 4			
TOTAL DOLLAR VALUE: \$1,359,159			

CCL	DESCRIPTION	APPLICATIONS	DOLLAR VALUE
VIETNAM			
EAR99	ITEMS SUBJECT TO THE EAR N.E.S.	1	\$227,828
0A979	POLICE HELMETS, SHIELDS AND PARTS	2	\$356,800
0A982	THUMB/CUFFS, LEG IRONS AND SHACKLES	1	\$984
0A987	OPTICAL SIGHTING DEVICES FOR FIREARMS	1	\$1,551
1A001	COMPONENTS MADE FROM FLUORINATED COMPOUNDS	1	\$10,000
1A004	PROTECTIVE AND DETECTION EQUIPMENT	1	\$11,000
1A985	FINGERPRINTING POWDERS, DYES, AND INKS	5	\$38,049
1C234	ZIRCONIUM, WITH A HAFNIUM CONTENT	1	\$708
1C350	CHEMICALS, PRECURSORS FOR TOXIC CHEMICAL AGENTS	2	\$8,400
1C351	HUMAN PATHOGENS, ZOOZOSES, AND TOXINS	3	\$3,706
2A983	EXPLOSIVES OR DETONATOR DETECTION EQUIPMENT	3	\$967,241
2B001	NUMERICAL CONTROL UNITS/MOTION CONTROL BOARDS	3	\$380,000
2B005	PROCESSING EQUIPMENT OF INORGANIC OVERLAYS/COATINGS	1	\$20,000
2B350	CHEMICAL MANUFACTURING FACILITIES AND EQUIPMENT	7	\$216,032
2B352	EQUIPMENT FOR HANDLING BIOLOGICAL MATERIALS	1	\$228,440
3A001	ELECTRONIC DEVICES/COMPONENTS	1	\$2,163
3A002	GENERAL PURPOSE ELECTRONIC EQUIPMENT	3	\$109,352
3A231	NEUTRON GENERATOR SYSTEMS INCLUDING TUBES	1	\$810,000
3A232	DETONATORS/MULTIPOINT INITIATION SYSTEMS	1	\$44,500
3A981	POLYGRAPHS/FINGERPRINT ANALYZERS/CAMERAS/EQUIPMENT	1	\$67,000
3C003	ORGANO-INORGANIC COMPOUNDS DESCRIBED IN THIS ENTRY	1	\$3,100
3D980	SOFTWARE FOR DEV/PROD/USE OF ITEMS IN 3A980 AND 3A	2	\$41,000
3E002	OTHER TECHNOLOGY FOR ITEMS IN CATEGORY 3	1	\$1
5A002	SYSTEMS/EQUIPMENT/INTEGRATED CIRCUITS FOR INFO SEC	11	\$8,931,504
5A991	TRANSMISSION ITEMS NOT W/I PARAMETERS IN 5A001	3	\$708,200
5D002	SOFTWARE FOR INFORMATION SECURITY	12	\$168,112
5D991	SOFTWARE FOR DEV/PROD/USE WITH 5B994 TEST EQUIPMEN	1	\$520
5E001	TECHNOLOGY FOR DEV/PROD/USE, ETC, OF EQUIP. IN 5A0	4	\$10
5E002	TECHNOLOGY FOR DEV/PROD/USE OF INFORMATION SECURIT	4	\$3
6A001	ACOUSTICS	1	\$551
7A103	INSTRUMENTATION, NAVIGATION EQUIPMENT/SYSTEMS NOT	2	\$318,475

TOTAL APPLICATIONS: 66  
TOTAL CCL'S: 31  
TOTAL DOLLAR VALUE: \$13,675,230

## Appendix G

### Report on Domestic Impact of U.S. Exports to Controlled Countries

In accordance with Section 14(e) of the Export Administration Act of 1979 (EAA), as amended, the Bureau of Industry and Security (BIS) continues to assess the impact on U.S. industry and employment of output from "controlled countries"<sup>1</sup> resulting, in particular, from the use of U.S. exports of turnkey plants and manufacturing facilities.

Section 14(e), which was added as an amendment to the Act in 1985, requires the following:

*"...a detailed description of the extent of injury to U.S. industry and the extent of job displacement caused by U.S. exports of goods and technology to controlled countries."*

*"...a full analysis of the consequences of exports of turnkey plants and manufacturing facilities to controlled countries...to produce goods for export to the United States or compete with U.S. products in export markets."*

#### Goods and Technology Exports

Historically, the dollar value of trade with controlled destinations has been low. In calendar year 2006, U.S. exports to these countries totaled \$65.5 billion, which represents an increase of \$14.5 billion from 2005 levels, and about 6.3 percent of total U.S. exports. China is the largest single export market among the controlled country group, with roughly 84 percent of the total. Russia ranks second with roughly 7 percent of the total. An analysis of exports by commodity category indicates that computer and electronic products, transportation equipment, machinery, chemicals and waste and scrap represented over half of the total U.S. exports to controlled countries, especially China. Given the small share of U.S. exports to controlled countries, relative to total U.S. exports (6.3 percent), the overall adverse impact through injury to U.S. industry and job displacement is minimal.

<sup>1</sup>For the purpose of this Appendix, Controlled Countries are Albania, Armenia, Azerbaijan, Belarus, Cambodia, China (PRC), Cuba, Georgia, Iraq, Kazakhstan, Kyrgyzstan, Laos, Macao, Moldova, Mongolia, North Korea, Russia, Tajikistan, Turkmenistan, Ukraine, Uzbekistan, and Vietnam.

Controlled Destination	Calendar Year 2006 U.S. Exports (millions)
Albania	\$27.6
Armenia	\$80.4
Azerbaijan	\$231.1

Belarus	\$74.5
Cambodia	\$74.5
China	\$55,185.7
Cuba	\$340.5
Georgia	\$263.5
Iraq	\$1,490.6
Kazakhstan	\$646.2
Kyrgyzstan	\$71.3
Laos	\$7.0
Macao	\$200.2
Moldova	\$30.1
Mongolia	\$23.1
North Korea	\$0.0
Russia	\$4,701.1
Tajikistan	\$43.1
Turkmenistan	\$112.8
Ukraine	\$756.2
Uzbekistan	\$53.9
Vietnam	\$1,100.3
TOTAL, CONTROLLED DESTINATIONS	\$65,513.7
TOTAL, U.S. EXPORTS WORLDWIDE	\$1,036,634.7

U.S. Exports to controlled destination is 6.3 percent of overall U.S. exports; 2.4 percent of U.S. exports to controlled destinations are subject to a BIS license requirement ; and only 1.1 percent of U.S. exports to controlled destinations actually require a BIS license.

Although the bases for our export controls are national security, foreign policy, and short supply, BIS, as part of its defense industrial base monitoring responsibilities, reviews, on an ongoing basis, the potential impact of U.S. technology transfers. U.S. and other Western firms choose to establish production facilities in China for a variety of reasons, including technology transfer requirements, taking advantage of China's large pool of labor, to be close to the market for their products, and in response to business incentives created by Chinese local and national governments. The United States runs a trade deficit with China (\$232.6 billion in 2006), and more than 50 percent of China's exports originate from foreign-invested enterprises. Thus, these practices and trends raise concerns with regard to their impact on the competitiveness of U.S. industry and employment over the long term.

A review of export licenses applied for China in the past fiscal years shows that a significant number involve technology, manufacturing equipment, software and/or components for use in foreign invested production facilities. Among the top valued manufacturing equipment exported in 2006 are machine tools and parts thereof used in semiconductor manufacturing and hand-operated taps, cocks and valves. Examples of the top valued components are silicon chips and wafers for integrated circuits and monolithic integrated circuits. Many other types of products, such as aircraft and waste and scrap are doubtless exported without the need for an export license (i.e., because they are not controlled for national security reasons or are eligible for shipment under a license exception).

BIS also monitors certain forms of technology transfer as part of its overall responsibilities for the defense industrial base. These responsibilities include reviewing the impact of offsets on defense trade, participating in the Treasury Department-chaired Committee on Foreign Investment in the United States and assessing the health and competitiveness of strategic industry sectors. Further information on these activities, including copies of the industrial sector assessments, is available from BIS's webpage at <[www.bis.doc.gov/OSIES/](http://www.bis.doc.gov/OSIES/)>.

### **Turnkey Plants and Facilities Exports:**

The Export Administration Regulations (EAR) require a license to export certain items for turnkey plants and facilities to controlled destinations. As a result of several revisions to the EAR in recent years, an increasing number of items for turnkey plants and facilities have become eligible for export to controlled destinations either without a license or under a license exception. For example, a license is generally not required for exports to controlled destinations (except Cuba, Sudan, Syria, and Iran) of items for turnkey plants and facilities that are classified as EAR99 (the designation for items that are subject to the EAR but not specifically listed on the Commerce Control List). In addition, certain items for turnkey plants and facilities may be listed in a Commerce Control List entry where the applicable reason for control does not require a license to one or more controlled destinations, as indicated in the appropriate Reason for Control column of the Commerce Country Chart. Other items for turnkey plants and facilities may be eligible for export to controlled destinations under a license exception, such as License Exception CIV, which authorizes exports of certain national security controlled items to civil end-users, for civil end-uses, in most controlled countries, except Cuba and North Korea, or License Exception TSU, which authorizes exports of operation technology and software, sales technology, and software updates, subject to certain conditions.

U.S. export data that are available from the Bureau of the Census do not provide the level of specificity needed to identify exports of turnkey plants or items for turnkey plants and facilities. This precludes a thorough assessment of the impact of U.S. exports of items for turnkey plants and facilities to controlled countries. However, the small number of such exports in the past, coupled with the low percentage of U.S. exports destined for controlled countries and items subject to a license requirement, make it reasonable to conclude that the ultimate impact on U.S. production is insignificant.

## Appendix H

### Agricultural Supply Tables and Information

The World Agricultural Supply and Demand Estimates (WASDE) are now updated on a monthly basis by the U.S. Department of Agriculture (USDA). The most current information is available on the USDA websites listed below.

<http://www.usda.gov/oce/commodity/wasde>

PDF File: <http://www.usda.gov/oce/commodity/wasde/latest.pdf>

Text File: <http://www.usda.gov/oce/commodity/wasde/latest.txt>