



EIB World Trade Headlines

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Sudan Eligible for License Exception Consumer Communication Devices

License Requirements

A license is required for the export or re-export to Sudan of nearly all items subject to the Export Administration Regulations (EAR) that are specified on the CCL, as described in [Section 742.10 of the EAR](#). A license is not required for the export or re-export to Sudan of items designated as EAR99 unless the transaction involves a prohibited end-use or end-user.

Note: The Department of the Treasury's [Office of Foreign Assets Control \(OFAC\)](#) maintains license requirements for certain exports and re-exports to Sudan of items subject to the EAR. A license may be required from both the Bureau of Industry and Security (BIS) and OFAC for the same transaction. Please see below for additional information.

License Exceptions

A license exception is an authorization to export or re-export under stated conditions certain items without a license that would otherwise require a license. Sudan is in Country Group E: 1 ([Supplement No. 1 to Part 740 of the EAR](#)), which limits the number and scope of available license exceptions. To determine the scope and eligibility requirements, you must review the individual license exceptions in [Part 740 of the EAR](#).

(*Continued On The Following Page)

NEWSLETTER NOTES

Sudan Eligible for License Exception Consumer ...

Boeing, DLA Exercise \$223 M Combat Logistics...

Boeing Receives Contract to Modernize B-52...

Scandinavian Avionics...

Making Sailors 'SAFFiR' - Navy Unveils...

17 Armoured Infantry...

NGC Receives US Navy...

IRobot Developing a Robotic...

Cyber, Hacking, Data...

AES Compliance Seminars

Indicted Chinese National

Maine's Manufacturers Scared

The Following Names...

Licensing Policy

As described in [Section 742.10\(b\) of the EAR](#), there is a general policy of denial for exports and re-exports to all end-users in Sudan of all items controlled for chemical, biological, missile, and nuclear proliferation reasons, military-related items controlled for national security or regional stability reasons (CCL entries ending in the number "018"), and certain items controlled for national security or anti-terrorism reasons, such as aircraft, cryptologic items, and explosive device detectors. Other non-military-related items that are controlled to Sudan for national security or anti-terrorism reasons are subject to a general policy of denial for military end-users or end-uses, and case-by-case review for non-military end-users or end-uses. Applications for the export or re-export of items in support of humanitarian assistance programs, including United Nations efforts, are generally approved.

Medicine and Medical Devices

A license is not required to export or re-export to Sudan medicine or medical devices designated as EAR99. However, a license is required to export or re-export to Sudan nearly all items on the CCL, including some medicines, such as certain vaccines and immunotoxins. To aid exporters and re-exporters, BIS maintains an [illustrative list of EAR99 medical items](#).

Other U.S. Government Agencies

Please be aware that other U.S. Government agencies administer regulations that could also impact your export or re-export transaction. For example, the Department of the Treasury's [Office of Foreign Assets Control \(OFAC\)](#) maintains certain Sudan-related sanctions. Exporters and re-exporters are responsible for complying with all applicable regulatory requirements. Please note that a license may be required from [both](#) BIS and OFAC for the same transaction involving Sudan.

OFAC may require an official BIS commodity classification for the items you wish to export or re-export to Sudan. Please review BIS's [commodity classification guidance](#) for additional information.

Questions

For questions specific to Sudan, contact the Foreign Policy Division at 202-482-4252.

The Export Administration Regulations (EAR) were amended to reflect the July 2011 formal recognition of the Republic of South Sudan (South Sudan) as a new country. Please note that the license requirements and licensing policy are different for South Sudan and the Republic of the Sudan (Sudan), as described above. Sudan continues to subject to stringent controls as a consequence of its designation as a State Sponsor of Terrorism.

Boeing, DLA Exercise \$223 M Combat Logistics Support Agreement

Boeing [NYSE: BA] and the U.S. Defense Logistics Agency (DLA) signed the second phase of a performance-based contract that reduces combat logistics support costs while enhancing warfighter readiness.

Under terms of the contract Boeing will provide support for 11 different aircraft including the F/A-18 Super Hornet; AH-64 Apache; AV-8B Harrier; B-52 Stratofortress; C-17 Globemaster III and associated ground support equipment. Work will be administered from St. Louis.

"Warfighters executing their missions rely on their systems being ready when they need them," said Julie Praiss, Boeing vice president, Tactical Aircraft & Weapons Support. "In addition, our customers have said they need greater value in their logistics support. Providing improved performance at lower cost is what Boeing is all about."

The contract, worth \$223 million, is the second of two awards under a five-year agreement signed in Sept. 2014. The total contract value is \$516 million. DLA has a follow-on option for an additional five years.

This long-term partnership resulted from a 2012 DLA industry challenge to reduce costs by 20 percent and improve overall supply performance. Boeing and the DLA continue collaborating on new ways to streamline processes, enhance performance and improve affordability.

Source: **The Boeing Company (NYSE: BA)**



Total Five-Year Contract Value Reaches \$516 Million

Boeing Receives Contract to Modernize B-52 with Digital Communications

The B-52 Stratofortress bomber was built during the Cold War, but its digital capabilities have entered the 21st century thanks to Boeing's [NYSE: BA] ongoing Combat Network Communications Technology (CONNECT) upgrade.

On Jan. 28, the U.S. Air Force awarded Boeing a full rate production contract to deliver 10 CONNECT kits that modernize communication systems for the B-52 bombers today and into the future. Those technology enhancements include full-color LCD displays with real-time intelligence feeds overlaid on moving maps, several communication data links that connect via satellite to platforms and troops in the field and an onboard, high speed network that enables aircrew to respond quickly to a mission change or identify and engage new targets with their weapons.

"CONNECT gives the B-52 the agility and flexibility needed for the modern battlefield while also providing greater situational awareness for the aircrew," said Scot Oathout, Boeing's B-52 program director.

U.S. Air Force personnel install CONNECT at Tinker Air Force Base, Okla., in conjunction with the B-52's regularly scheduled programmed depot maintenance.

Under previous contracts, Boeing is currently supplying 20 CONNECT kits to the Air Force. This new full rate production award will bring the total number of upgraded B-52s to 30.

Source : **The Boeing Company (NYSE: BA)**



CONNECT Will Be Installed in 10 More Bombers; Upgrade Improves Situational Awareness and Mission Effectiveness

Scandinavian Avionics to Support Potential F/A-18 Fleet

Super Hornet program holds significant potential gains for Danish industry

Boeing signed an agreement today with Scandinavian Avionics that outlines potential support and sustainment work should Denmark choose the Boeing F/A-18E/F Super Hornet as its next fighter jet. Boeing and Scandinavian Avionics will explore integrating that company's expertise in component maintenance and repair into a broader sustainment plan for Danish Super Hornets. They also would collaborate on any training necessary for Scandinavian Avionics to help maintain avionics for the fleet.

Julie Praiss, Boeing's vice president of Tactical Aircraft & Weapons Support: "Our work with Scandinavian Avionics and others shows that Boeing can help the Danish defense industry put its specialized capabilities to work in a long-term sustainment plan for Denmark's fighter jet fleet while contributing to growth in this vital sector of the Danish economy."

Scandinavian Avionics joins two other companies – Danish Aerotech and IFAD – on the Danish Super Hornet sustainment team. Boeing and its industry team members would collaborate with the Royal Danish Air Force and the U.S. Navy on support options providing cost-effective readiness for a Danish Super Hornet fleet.

Hardy Truelsen, founder of the family-owned company, said he is proud of Scandinavian Avionics being part of Boeing's sustainment team for Danish Super Hornets: "With a global business based on more than 35 years of experience in avionics, we look forward to exploring how this opportunity can benefit our company and Danish industry as a whole."

Collaboration in aircraft sustainment is one of several areas Boeing is pursuing with Danish companies in support of the long-term growth of Danish industry. A recent study commissioned by Boeing and released by DAMVAD, a Danish economic consultancy, found that collaboration among Denmark's defense industry and Boeing could create more than 10,000 jobs in Denmark and add 6 billion DKK to the country's GDP over 20 years.

Source : **Scandinavian Avionics**



Making Sailors 'SAFFiR' - Navy Unveils Firefighting Robot Prototype at Naval Tech EXPO

Scientists unveiled a firefighting robot prototype Feb. 4 at the Naval Future Force Science & Technology EXPO, revealing details about its successful demonstrations last fall.

The Shipboard Autonomous Firefighting Robot (SAFFiR), sponsored by the Office of Naval Research (ONR), walked across uneven floors, used thermal imaging to identify overheated equipment, and used a hose to extinguish a small fire in a series of experiments Nov. 3-5, 2014 aboard the USS Shadwell, a decommissioned Navy vessel.

Developed by researchers at Virginia Tech, the two-legged, or bipedal, humanoid robot is helping ONR evaluate the applications of unmanned systems in damage control and inspections aboard naval vessels, supporting the autonomy and unmanned systems focus area in the Navy's Science and Technology Strategy.

"We set out to build and demonstrate a humanoid capable of mobility aboard a ship, manipulating doors and fire hoses, and equipped with sensors to see and navigate through smoke," said Dr. Thomas McKenna, ONR program manager for human-robot interaction and cognitive neuroscience. "The long-term goal is to keep Sailors from the danger of direct exposure to fire." SAFFiR stands 5 feet 10 inches and weighs 143 pounds. The unique mechanism design on the robot equips it with super-human range of motion to maneuver in complex spaces.

"Balancing on any type of terrain that's unstable - especially for bipedal robots - is very difficult," said Brian Lattimer, associate professor for mechanical engineering at Virginia Tech. "Whole-body momentum control allows for the robot to optimize the locations of all of its joints so that it maintains its center of mass on uncertain and unstable surfaces."

Sensors, including infrared stereovision and a rotating laser for light detection and ranging (LIDAR), enable the humanoid to see through dense smoke. It is programmed to take measured steps and handle hoses on his own, but for now, takes his instruction from researchers at computer console.

"The robot has the ability to do autonomous tasks, but we have a human in the loop to allow an operator to intervene in any type of task that the robot's doing," Lattimer said.

McKenna plans to sponsor a more advanced design as part of the long-term investigational research program. Blueprints include equipping the robot with enhanced intelligence, communications capabilities, speed, computing power and battery life for extended applications.

*(*Continued On The Following Column)*

"We have taken a look at other kinds of sensors that you can put on these robots," he said. "For instance, a bipedal robot could be configured to take shipboard measurements, scan for corrosion and leaks, and identify changes to the shape of the room from its original configuration. By taking on these time-consuming tasks, SAFFiR could free up Sailors for jobs that more fully take advantage of their training and technical skillsets."

Even with added intelligence, however, SAFFiR will take its instruction from Sailors and "fire bosses" working remotely in the event of a fire or other dangerous event.

"We're working toward human-robot teams" McKenna said. "It's what we call the hybrid force: humans and robots working together."

ONR provides the science and technology necessary to maintain the Navy and Marine Corps' technological advantage. Through its affiliates, ONR is a leader in science and technology with engagement in 50 states, 70 countries, 1,035 institutions of higher learning and 914 industry partners. ONR employs more than 1,000 people, comprising uniformed, civilian and contract personnel, with additional employees at the Naval Research Lab in Washington, D.C.

Source : **US Navy**



17 Armoured Infantry Battalion to Switch from 'Heavy' to 'Light'

This year, 17 Armoured Infantry Battalion will be the first unit of 13 Light Brigade to be 'given wheels'. The tracked CV90s of this Oirschot-based brigade will be replaced by Bushmasters and Mercedes-Benz 280CDi open terrain vehicles. 17 Armoured Infantry Battalion has now been tasked with gaining experience with the new mode of operating.

The change is not without consequences. For example, a unit with wheeled vehicles has a larger range of action than one with tracked vehicles. A Bushmaster can simply be driven faster and further than a CV90. That makes the light brigade excellently suited to tasks in extensive areas of operation and in built-up areas among the population.

Of course, there are also a number of disadvantages. The CV90 is equipped with a big built-in cannon, a feature absent in the wheeled vehicles for the time being.

The pilot company under command of Captain Kerstens must have achieved operational readiness by 1 April 2016. The rest of the battalion is to follow in the months after that.

Source : **MOD Netherlands**

Two Day Regulatory Seminars in the Western Region this Spring:

Registration is now available for our comprehensive, two day "Complying With US Export Controls" seminars in the western United States.

San Diego, CA, March 25-26, 2015: "Complying with US Export Controls."

Denver, CO, April 8-9, 2015: "Complying with US Export Controls."

Milpitas, CA, April 21-22, 2015: "Complying with US Export Controls."

See our website for registration information:
www.bis.doc.gov.

NGC Receives US Navy Contract to Begin Production of Additional ALMDS

Northrop Grumman Corporation (NYSE:NOC) has received a contract from the U.S. Navy for the continued production of the AN/AES-1 Airborne Laser Mine Detection System (ALMDS). The contract includes the production of five ALMDS pod subsystems, support equipment, spares, and technical support.

The ALMDS is mounted on an MH-60S helicopter. Flying over sea lanes, it finds and geolocates mine-like objects with its pulsed laser light and streak tube receivers by imaging, in 3-D, day or night, the near-surface of the ocean.

"This program is a win-win. The airborne sensor has the capability to keep our sailors out of the minefield and we are producing it while reducing the per-pod price over previous buys that helps enable the Navy to meet their cost targets," said Doug Shaffer, director, electronic attack/maritime systems integration, Northrop Grumman Aerospace Systems. "We look forward to continuing our long-standing relationship with the U.S. Navy on the ALMDS program and supporting initial operating capability in FY16."

The Northrop Grumman ALMDS team is comprised of Areté Associates, Tucson, Ariz., which manufactures the receiver sensor assembly; Cutting Edge Optronics, a Northrop Grumman subsidiary in St. Charles, Mo., which manufactures the high-powered laser transmitter; CPI Aerostructures, Edgewood, manufacturer of the pod housing; Curtiss Wright Defense Solutions, Santa Clarita, Calif, manufacturer of the central electronics chassis; and Meggitt Defence Systems, Irvine, Calif., which produces the environmental control system.

Northrop Grumman has delivered 12 ALMDS pods to the U.S. Navy through four low rate initial production lots, and four pods to the Japan Maritime Self Defense Force which are currently undergoing integration and test aboard the EH-101 helicopter.

Source : **Northrop Grumman Corporation (NYSE:NOC)**



IRobot Developing a Robotic Lawn Mower, but it Needs FCC Approval First

IRobot CEO Colin Angle with a version of the company's Roomba home-cleaning robot.

[IRobot](#), the Bedford-based company that's famous for its Roomba robot vacuum cleaner, has its sights set on the next challenge: your lawn.

The company [has petitioned the Federal Communications Commission](#) to waive a prohibition against the use of "fixed wireless infrastructure" so it can "obtain equipment certification for and market a robotic lawn mower." The [FCC](#) rule aims to make sure networks don't interfere with existing cellular and GPS systems.

IRobot (Nasdaq: IRBT), which is in the early design phase for the battery-powered robot mower, said in the Feb. 6 filing that the device would "reduce deaths and injuries related to lawn mowing, will reduce emissions and noise pollution and will improve quality of life."

See Also

- [IRobot shares fall following lower-than-expected Q4 sales](#)
- [Why doesn't iRobot have a snow-removal robot?](#)

The robotic lawn mowers would work with the help of portable sensors, called beacons, that can be placed in the yard to help the robot map out the mowing area. Users would have to install the sensors each spring and run a "set up procedure to establish the confined mowing area."

An iRobot spokesman declined to comment on specifics but did say that the company "is constantly exploring and developing new practical robotic solutions that are designed to improve our everyday lives – both inside and outside of the home. The FCC waiver is related to one of iRobot's ongoing technology development initiatives and addresses the lawn mowing category."

IRobot currently is the maker of the popular Roomba, which has seen growth in sales around the world. The company also makes a floor-mopping and floor-scrubbing robot along with a pool-scrubbing robot.



Cyber, Hacking, Data Theft, Computer Intrusions & Related

North Korean defector: 'Bureau 121' hackers operating in China

On the streets of the neon-lit Chinese city of Shenyang, you'll find a restaurant, hotel, and other businesses owned and operated by the North Korean government. You'll also find a secret network of North Korean hackers, known as Bureau 121, according to defector Kim Heung-kwang.

"It's easy for them to work secretly. It also has great Internet infrastructure," says Kim Heung-kwang, a former Pyongyang computer science professor who escaped North Korea in 2004.

Kim says some of his own students became cyber warriors for the hacker network.

"By day, they worked regular jobs. But the rest of the time, they were acting on orders from Pyongyang," he says.

What is 'Bureau 121'?

Kim claims North Korean hackers operated secretly in Shenyang for years, moving from location to location to conceal their whereabouts and activities.

"Bureau 121 began its large-scale operation in China in 2005. It was established in the late 90s," Kim says.

"Team members entered China separately -- in smaller groups -- 20 members at a time," he says. "When they entered China, they came under different titles. For example an office worker, an official with a trade company or even as a diplomatic staffer."

Long before North Korea had its own Internet, it dialed in to servers in Shenyang, in Liaoning Province, in the country's north.

Today, nearly all of North Korea's Internet traffic is still routed through China.

Kim says the operation in China scaled back considerably a few years ago, when North Korea expanded its high speed Internet access. But he believes hackers are still operating in Shenyang.

"North Korea does have illicit activities in China," says Steve Sin, a terrorism expert at the University of Maryland and former U.S. military intelligence analyst.

Sin wrote a report naming the northeastern Chinese city of Shenyang as a North Korean hacker hub. "It has the location, security, as well as infrastructure," Sin says.

"Right now, the best information available to us is that they are still conducting such an operation and they can still conduct such an operation from that location."

The North Korean embassy in Beijing, and government officials reached by email in Pyongyang, tell CNN they have no comment on Kim's claims. For its part, China says it opposes any illegal cyber activity on its territory.

AES Compliance Seminars

**conducted in Spanish where noted

<http://www.census.gov/foreign-trade/aes/meetingsandpresentations/index.html#conferences>

Date	Type	Location	Details	Registration
February 2015				
Feb 24-25	AES Compliance Seminar	Los Angeles, CA	Flyer [PDF <1MB]	Registration Form
Feb 26-27	AES Compliance Seminar	Long Beach, CA	Flyer [PDF <1MB]	Registration Form
March 2015				
Mar 03-04	AES Compliance Seminar	Ft. Lauderdale, FL	Flyer [PDF <1MB]	Registration Form
April 2015				
Apr 15-16	AES Compliance Seminar	Seattle, WA	Flyer [PDF <1MB]	Registration Form
May 2015				
May 06-07	AES Compliance Seminar	Chicago, IL	Flyer [PDF <1MB]	Registration Form
May 20-21	AES Compliance Seminar	Boston, MA	Flyer [PDF <1MB]	Registration Form
June 2015				
June 03-04	AES Compliance Seminar	Savannah, GA	Flyer [PDF <1MB]	Registration Form
June 09-10	AES Compliance Seminar	Philadelphia, PA	Flyer [PDF <1MB]	Registration Form
September 2015				
September 09-10	AES Compliance Seminar	San Francisco, CA	Flyer [PDF <1MB]	Registration Form

Indicted Chinese National Lands at Boston's Logan Airport to Face Federal Prosecution for Supplying Iran with Nuclear Production Parts

The United States Attorney's Office
District of Massachusetts
December 5, 2014

BOSTON – Sihai Cheng, a/k/a Chun Hai Cheng, a/k/a Alex Cheng, a citizen of the People's Republic of China (PRC), arrived to face charges for conspiring to export pressure transducers to Iran which can be used in the production process of weapons-grade uranium. In February 2014, Cheng was arrested by British authorities on U.S. charges during a trip to the United Kingdom. He was detained in the United Kingdom pending extradition to the United States.

Cheng is charged in a ten-count indictment with Seyed Abolfazl Shahab Jamili, an Iranian national, and two Iranian companies, Nicaro Eng. Co., Ltd. (Nicao) and Eyvaz Technic Manufacturing Company (Eyvaz). They are accused of conspiring to export, and exporting, highly sensitive U.S. manufactured goods with nuclear applications to Iran.

The indictment alleges that Cheng supplied thousands of parts that have nuclear applications, including U.S. origin goods, to Eyvaz, an Iranian company involved in the development and procurement of parts for Iran's nuclear weapons program. Specifically, it alleges that in 2005, Cheng began doing business with Jamili, an Iranian national who worked for Eyvaz and ran his own importing business in Iran. Jamili remains a fugitive, but the U.S. government, through Interpol, has requested his arrest to face prosecution in the United States.

Since 2005, Cheng sold Jamili thousands of parts with nuclear applications, knowing that these parts were destined for Iran. Significantly, beginning in February 2009, Cheng and Jamili conspired with others in the PRC to illegally obtain hundreds of U.S. manufactured pressure transducers which were manufactured by MKS Instruments, Inc., a company headquartered in Massachusetts, on behalf of Eyvaz. As a result, hundreds of MKS pressure transducers were illegally exported from the United States to China. Upon receipt of these parts in China, Cheng caused the MKS pressure transducers to be exported to Eyvaz or Jamili in Tehran, Iran, in violation of U.S. export laws. The indictment further alleges that by 2007, Iran was operating thousands of gas centrifuges at the Natanz uranium enrichment facility. Iran has sought and illicitly obtained MKS pressure transducers to use in its centrifuge plants. Those transducers can be seen in publicly available photographs of Natanz, an Iranian uranium nuclear enrichment facility, with then President Mahmoud Ahmadinejad, showing numerous transducers attached to Iran's gas centrifuge cascades.

Because pressure transducers can be used in gas centrifuges to convert natural uranium into a form that can be used in nuclear weapons, they are subject to export controls and cannot be shipped to China without an export license or to Iran at all.

In 2011, the Council of the European Union designated Eyvaz as an entity "involved in [Iran's] nuclear or ballistic missile activities" and imposed restrictive measures against it. In so doing, it found that Eyvaz had produced vacuum equipment, which it supplied to Natanz and Fordow, another of Iran's uranium nuclear enrichment facilities, and that it also had supplied pressure transducers to Kalaye Electric Company, an Iranian company which has been designated by the United States and United Nations as a proliferator of weapons of mass destruction.

The charging statutes provide a sentence of no greater than 20 years in prison on the charges of conspiracy to commit export violations and illegal exports of goods to Iran; no greater than 10 years in prison on the charges of smuggling goods, and no greater than five years on the charge of conspiracy, in addition to five years of supervised release and a fine of \$4 million. Actual sentences for federal crimes are typically less than the maximum penalties. Sentences are imposed by a federal district court judge based upon the U.S. Sentencing Guidelines and other statutory factors.

United States Attorney Carmen M. Ortiz; Vincent B. Lisi, Special Agent in Charge of the Federal Bureau of Investigation, Boston Field Division; Bruce M. Foucart, Special Agent in Charge of Homeland Security Investigations in Boston; and John J. McKenna, Special Agent in Charge of the Department of Commerce, Office of Export Enforcement, Boston Field Office, made the announcement today. The case is being prosecuted by Assistant U.S. Attorney B. Stephanie Siegmund of Ortiz's Anti-Terrorism and National Security Unit. The details contained in the indictment are allegations. The defendants are presumed to be innocent unless and until proven guilty beyond a reasonable doubt in a court of law.



(*Continued On The Following Column)

Maine's Manufacturers Scared of Dollar's Heights

The U.S. currency's rise is a boon for consumers but makes American exports cost more.

By Tom Bell Staff Writer

Elisa Donovan, an assembly worker at Jøtul in Gorham, assembles a cast iron stove on the company's assembly line.
Gabe Souza/Staff Photographer

The surging buying power of the U.S. dollar has allowed consumers to benefit from cheaper imports and bargain-priced vacations abroad, but Maine's manufacturers must now struggle to compete in a new global marketplace in which their products have suddenly become more costly.

"The rising dollar is a real threat," said Kathie Leonard, the CEO of Auburn Manufacturing Inc., whose 50 employees in Auburn and Mechanic Falls make heat-resistant textiles. "It hurts us. I don't know the extent it will be. I am scared to death, to tell you the truth."

Maine-made products sold in Canada, for example, cost Canadians about 25 percent more now than a year ago. The dollar's value has surged against all of America's trading partners – up more than 16 percent against the Federal Reserve's trade-weighted index of 26 other currencies.

The dollar hasn't behaved like this for decades, except briefly in 2008 following the collapse of Lehman Bros. Holdings Inc., an event that triggered the start of a global financial crisis.

The strong dollar hurts the bottom line of small manufacturers in Maine but also giant U.S. exporters, like Procter & Gamble, the world's biggest consumer products maker, which last month blamed the currency market for a 31 percent drop in second-quarter profits.

Generally, a rising dollar boosts importers and hurts manufacturers, although some companies have found ways to cushion themselves somewhat from the impact.

In some cases, plummeting foreign sales are offset by increased domestic sales because of the thriving U.S. economy. While some manufacturers are seeing their foreign sales tumble because their products are being priced out of the market, others are deciding to keep their prices steady and lower their margins so they don't lose their customers. Larger companies, such as Idexx Laboratories in Westbrook, lower the risk of currency swings by using financial instruments, such as buying currency futures.

(*Continued On The Following Column)

Canada is by far Maine's largest trading partner. Many natural resource-based companies, such as those in forest products, seafood and agriculture, maintain operations in both Maine and Canada. The ability to shift the flow of commodities and production across the border can buffer a company's currency swings.

INTERTWINED ECONOMIES

The economies of Maine and the neighboring Canadian provinces are so intertwined that a large shift in the value between the U.S. dollar and the Canadian dollar, or loonie, doesn't have as big an impact as people assume, said Jeffrey Bennett, director of the Canada desk at the Maine International Trade Center.

"We are so dependent on each other that it sort of mitigates the fluctuations in currency," he said.

The value of the U.S. dollar and the loonie were roughly on par until last July, when the dollar began its climb. On Friday, one U.S. dollar was worth \$1.25 Canadian.

The loonie's decline also affects the movement of people across the border. Maine draws 4 million to 5 million Canadian visitors a year.

PRICIER FOR CANADIANS

A stronger dollar means that Maine restaurants, hotels and goods are pricier for Canadians. Unless the loonie rebounds, the Bangor Mall, L.L. Bean and the outlet stores in Kittery, popular shopping destinations for Canadians, will see fewer Canadian shoppers this year. Businesses in Old Orchard Beach are particularly vulnerable because Canadians make up half of the town's tourist population during some weeks in the summer.

It's still too early to assess the potential for damage, but businesses are concerned and are watching the exchange rates closely, said James Harmon, executive director of the Old Orchard Beach Chamber of Commerce.

The dollar appears especially strong compared with its Eurozone competitor, the euro, which last month dropped to an 11-year low of \$1.12 and on Friday was worth \$1.14

The dollar has jumped in value relative to currencies around the globe, including the Japanese yen, Chinese yuan, British pound and Norwegian krone.

Countries that are major oil exporters, such as Russia and Norway, have seen the biggest declines in the value of their currency. Norway's currency lost more than 20 percent of its value against the dollar in the past year.

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The dollar's value has increased because the U.S. economy is performing better than the rest of the world. The dollar has become a safe haven for investors as other nations prop up their weak economies by cutting interest rates and expanding stimulus programs, said Andrew Labelle, an international economist at TD Bank in Toronto.

He said the dollar will continue to increase in value in 2015, although most of its growth has already occurred.

SURGING DOLLAR AND EXPORTS

For exporters, the surging dollar makes it harder to compete on price. Rob Fuller, CEO at Harbor Technologies in Brunswick, which manufactures composite pilings and bridge beams, said the company has lowered production costs in Maine so much that its products are comparable in price with conventional products, such as traditional wood pilings. But the efficiencies are wiped out when a customer's local currency drops in value, he said.

His said he recently submitted a bid to sell composite pilings for a project in Norway but he worries that the higher cost of the pilings due to the exchange rate will knock out his bid.

Fortunately, his company is enjoying strong sales growth in United States, offsetting its slump overseas.

"You look for growth from the international market and stability in the North American market," he said.

For Idexx Laboratories, a global company that focuses on diagnostic and information technology for pet health care, stability is achieved by buying currency futures, which are contracts to exchange one currency for another at a specified date in the future at an agreed-upon price. So if the dollar strengthens in value, the contracts will mitigate the impact.

Currency futures give a company a level of predictability that is prized by investors, said Ed Garber, director of investor relations for Idexx.

In 2014, roughly 57 percent of the company's revenue came from the sales in the U.S., and 43 percent came from international offices.

The company operates diagnostic laboratories in several other countries. The impact of the stronger dollar for those operations is not as significant because the staff is paid in local currency, Garber said. But more than a quarter of the company's revenues is generated by products made in the U.S. and sold abroad in local currencies. For that business, the dollar's rise has cut into the margins.

*(*Continued On The Following Column)*

"That's where we have the largest exposure," he said. "Our costs remain the same, but our revenues go down."

Large companies buy and sell a variety of currencies all the time to mitigate the impact of currency swings, said Neal Prescott, manufacturing consultant and president of the Maine Manufacturers Association.

SMALL MANUFACTURERS' STRUGGLE

Small manufacturers, particularly those that sell a natural resource-based product, are going to struggle the most because of the strong dollar, he said.

"For most small companies, trying to export just got a lot harder," he said.

But not all suffer. For manufacturers who buy components and raw materials from other countries and build products here for the U.S. market, the strong dollar lowers their cost of production. That's the case with Jotul North America, which obtains cast iron from a foundry in Norway and builds wood and gas stoves in Gorham.

The company in the past has imported about half of stoves from Norway, but over the next few weeks it will begin manufacturing all its stoves in its Gorham plant.

The lower cost of its imported cast iron allows Jotul to lower its prices for some models in the U.S., said Bret Watson, the company's president and CEO.

Watson said sales in Canada are down 6 percent because the strong dollar has made the stoves more expensive there. Still most of the company's sales are in the United States, and those sales are up 15 percent, he said, so the company overall is performing well.

Located next door to Jotul in the Gorham industrial park is another manufacturer, the Montalvo Corp., which makes web tension control products used by manufacturers around the world and has offices in Denmark, Germany and China.

RELATIONSHIPS MATTER

Ed Montalvo, the company's co-managing director, said his customers abroad may see some price adjustments in select markets because of their weaker local currencies, but he is reluctant to raise prices across the board because he wants to maintain his relationship with customers.

In the long term, those relationships are more important to his company's success, and eventually the currency markets will return to normal, he said.

"At this stage of the game, we are planning to weather it," he said.

The Following Names were Added to the DPL:

Maple Pacific Corporation 26671 Sierra Vista Mission Viejo, CA 96292

Andrew Hsu 26671 Sierra Vista Mission Viejo, CA 96292

Ernesto Salgado-Guzman Inmate Number - 68370-097 Willacy County Correctional Institution 1800 Industrial Drive Raymondville, TX 78580

and with an address at:

16738 Harper Blvd. Madera, CA 93638

Please visit http://export.gov/ecr/eg_main_023148.asp for more information.

Department of State

We are closely monitoring reports of a new column of Russian military equipment moving toward Debaltseve.

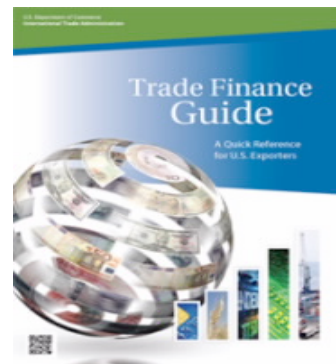


Trade Finance Guide: A Quick Reference for U.S. Exporters

Trade Finance Guide: A Quick Reference for U.S. Exporters is designed to help U.S. companies, especially small and medium-sized enterprises, learn the basics of trade finance so that they can turn their export opportunities into actual sales and achieve the ultimate goal of getting paid—especially on time—for those sales. Concise, two-page chapters offer the basics of numerous financing techniques, from open accounts, to forfaiting, to government assisted foreign-buyer financing.

The current edition of the *Trade Finance Guide* was published in November 2012.

http://www.export.gov/static/TradeFinanceGuide_All_Latest_eg_main_043219.pdf



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“If you can imagine it, you can achieve it; if you can dream it, you can become it.”
~William Arthur Ward~