



EIB World Trade Headlines

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New Department of State/Directorate of Defense Trade Controls License Codes - United Kingdom ITAR Exemptions (SGB) and Australia ITAR Exemptions (SAU)

Effective March 30, 2012, two new License Codes for United Kingdom ITAR Exemptions (SGB) and Australia ITAR Exemptions (SAU) will be added to the Automated Export System (AES). The International Traffic in Arms Regulation (ITAR) is being amended pursuant to the Security Cooperation Act of 2010 (Public Law 111-266).

Title I of the Security Cooperation Act, the Defense Trade Cooperation Treaties Implementation Act of 2010, implements the Defense Trade Cooperation Treaty between the United States and the United Kingdom, done at Washington, D.C. and London on June 21 and 26, 2007, respectively. These revisions will include amending the ITAR to include "§126.17 Exemption pursuant to the Defense Trade Cooperation Treaty between the United States and the United Kingdom." The ITAR will be amended to add the provisions for the Defense Trade Cooperation Treaty between the United States and Australia when the Treaty enters into force. It is anticipated that this treaty will enter into force later this year.

United States Principal Parties in Interest and their authorized filing agents (AES filers) must follow the following new reporting requirements when reporting SGB- United Kingdom ITAR Exemptions and SAU- Australia ITAR Exemptions to prevent the return of fatal errors from AES.

(Continued below)

NEWSLETTER NOTES

- *New Department of State/Directorate of Defense Trade Controls License Codes – United Kingdom ITAR Exemptions (SGB) and Australia ITAR Exemptions (SAU)
- *More Evidence of Pending Broad Based Changes (EAR and ITAR)
- *CBP Issues FR Notices Seeking Comments on Certain NAFTA Forms
- *FTZ Board to Issue Final Rule Soon on Revisions and Updates to FTZ Regulations
- *DHS Posts Report on Border Security and Trade Facilitation Progress in 2011
- *Facing Foreign Government Trade Barriers?

*Report the Country of Destination as GB – United Kingdom (License Code SGB) or AU – Australia (License Code SAU)

*Report one of the acceptable Export Information Codes: MS, GS, OI, OS

*Report the Mode of Transportation, except pipeline

*Report the Approved Community Member Number (ACM#) in the Export License Number/ CFR Citation/ Authorized Symbol/ KPC#/ ACM# field

*Report the DDTC ITAR Exemption

*Report the DDTC Registration Number

*Report the DDTC SME Indicator

*Report the DDTC Eligible Party Certification Indicator

*Report the DDTC USML Category Code

*Report the DDTC Unit of Measure Code

*Report the DDTC Quantity

The following references have been provided regarding this modification to the AES.

The updated list of AES License and License Exemption Type Codes and Reporting Guidelines including License Codes SGB and SAU can be found in Appendix F of the Automated Export System Trade Interface Requirements (AESTIR) at: http://www.cbp.gov/linkhandler/cgov/trade/automated/aes/tech_docs/aestir/june04_intro/appendices/apndx_f.ctt/apndx_f.doc

The updated list of DDTC ITAR Exemption Codes can be found in Appendix O of the AESTIR at: http://www.cbp.gov/linkhandler/cgov/trade/automated/aes/tech_docs/aestir/june04_intro/appendices/apndx_o.ctt/apndx_o.doc

The updated DDTC Licensable Shipment Reporting Requirements Matrix including License Codes SGB and SAU can be found at: http://www.cbp.gov/linkhandler/cgov/trade/automated/aes/tech_docs/aestir/ddtc_filing_matrix.ctt/ddtc_filing_matrix.doc

More Evidence of Pending Broad Based Changes (EAR and ITAR)

March 12, 2012
AES Broadcast #2012019

Enhancements to AES Edits on BIS Licensed Exports

Effective April 11, 2012 additional AES edits will be placed on Electronic Export Information reported under AES License Codes C30 (BIS Licenses), C31 (BIS Special Comprehensive Licenses) and C51 (BIS License Exception Agricultural Commodities AGR) to improve statistics on licensed exports and prevent inadvertent errors.

The new AES reporting requirements will be as follows:

When License Code C30 is reported in AES, only licenses authorized by the Bureau of Industry and Security (BIS) and begin with "D" will be accepted. If the license number begins with a character other than "D", the EEI will be rejected with Fatal Error Response Code: 549 - BIS LICENSE NBR NOT VALID FOR LICENSE CODE.

When License Code C31 is reported in AES, only licenses authorized by the BIS and begin with "S" or "V" will be accepted. If the license number begins with a character other than "S" or "V", the EEI will be rejected with Fatal Error Response Code: 549 - BIS LICENSE NBR NOT VALID FOR LICENSE CODE.

When License Code C51 is reported in AES, only License Exception Agricultural Commodities (AGR) notice confirmation numbers issued by the BIS beginning with "F" will be accepted. If the number begins with a character other than "F", the EEI will be rejected with Fatal Error Response Code: 549 - BIS LICENSE NBR NOT VALID FOR LICENSE CODE. The license exception symbol "AGR" will no longer be allowed in the Export License Number field for License Code C51. "AGR" notice confirmation numbers will no longer be allowed to be reported under License Code C30.

(Continued below)

Each of the license numbers or notice confirmation numbers reported under License Codes C30, C31 and C51 must be valid. If invalid, AES will reject the EEI with Fatal Error Response Code: 545 - BIS LICENSE NUMBER UNKNOWN OR INVALID. The license numbers must not be expired. If the license expiration date is prior to the date of exportation, AES will reject the EEI with Fatal Error Response Code: 546 - BIS LICENSE NO LONGER ACTIVE. A complete list of all License and License Exemption Type Codes and Report Guidelines can be found in Appendix F of the Automated Export System Trade Interface Requirements (AESTIR)

at: http://www.cbp.gov/xp/cgov/trade/automated/ae/tech_docs/aestir/june04_intro/appendices/

For further information or questions regarding changes to these edits, please contact the Bureau of Industry and Security, Office of Technology Evaluation at (202) 482-4933.

For further information or questions regarding the reporting of License Codes in AES, please contact the U.S. Census Bureau's AES Branch.

Telephone: (800) 549-0595, select option 1 for AES

Email: askaes@census.gov

Online: www.census.gov/trade

Blog: <http://globalreach.blogs.census.gov>

CPSC Issues FT Notice Adopting ASTM Toy Standard (Effective June 12, 2012)

The Consumer Product Safety Commission (CPSC) adopted, as mandatory, effective 06/12/12, the new ASTM F963-11 toy standard. Changes made to the toy standard by the new version include revisions to the section on heavy metals (e.g., cadmium), the introduction of compositing procedures, and new safety requirements and technical guidance for bath toy projections, acoustics, and other potential safety hazards in toys. As the new standard does not reincorporate the standard for toy chests, that provision from F963-07 remains in effect. The American Society for Testing and Materials (ASTM) reports that the revisions incorporated into F963-11 include the following:

*Cadmium and Other Heavy Metals — Limits for heavy metals in toy substrates have been added to the existing surface coating requirements. A soluble approach for determination of heavy elements (e.g. cadmium) in toys and toy...

(Continued above)

components has been maintained as this has been demonstrated to be more closely correlated than total content with the amount of element which is bioavailable, and therefore with risk of toxicity.

*Compositing Procedure for Total Heavy Metal Analysis — Revisions outline detailed procedures for accomplishing this end by specifying the conditions under which compositing is allowable, when a composite result may be relied upon without further testing, and when testing of individual samples must subsequently be performed.

*Bath Toy Projections — Revisions are intended to address the potential hazards that may be presented by vertical, or nearly vertical, rigid projections on bath toys. This requirement is intended to minimize possible puncture or other hazards to the skin that might be caused if a child were to fall on a rigid projection.

*Other revised areas of the standard are sections on jaw entrapment; toys with spherical ends; stability of ride on toys; requirements for squeeze toys attached to rings; use of cords, straps and elastics; packaging film; and yo-yo tether balls. On 1/1/12, CPSC lifted two-year stays of enforcement for the third party testing and certification requirements for lead content, phthalates, and the mandatory standard for toys - ASTM F963-08 prior to this rule's effective date of 06/12/12, and F963-11 after the effective date (Standard Consumer Safety Specification for Toy Safety). Therefore, all toys designed or intended primarily for children 12 years of age and younger will need to be third party tested and meet the certification requirements if they were manufactured after 12/31/11.

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CBP Issues FR Notices Seeking Comments on Certain NAFTA Forms and Ways to Minimize Burden of NAFTA

U.S. Customs and Border Protection (CBP) is extending the comment period by 30 days for an existing information collection concerning NAFTA Regulations and Certificates of Origin and Verification (CBP Forms 434 and 446) and new CBP Form 447 (NAFTA Motor Vehicle Averaging Election), which it plans to submit to the Office of Management and Budget (OMB) for review and approval. CBP is proposing that this information collection be extended with a change to the burden hours. CBP published the information collection for comment in December 2011 and is now allowing an additional 30 days for comments, until 03/22/12. CBP is asking for comments from the general public and other Federal agencies on:

- *whether the collection of information is necessary for the proper performance of the functions of the agency, including whether the information shall have practical utility;
- *the accuracy of the agency's estimates of the burden of the collection of information;
- *ways to enhance the quality, utility, and clarity of the information to be collected;
- *ways to minimize the burden including the use of automated collection techniques or the use of other forms of information technology; and
- *the annual costs burden to respondents or record keepers from the collection of information (total capital/startup costs and operations and maintenance costs).

CBP FR Notice: <http://www.gpo.gov/fdsys/pkg/FR-2012-02-21/pdf/2012-3825.pdf>



Court Rules Against Importer on HTS Gender and Age Discrimination Case

The Court of International Trade (CIT) ruled that Rack Room Shoes, SKIZ Imports LLC, and Forever 21, Inc., which had challenged the constitutionality of certain tariff provisions of the Harmonized Tariff Schedule (HTS) on the grounds that the tariffs unconstitutionally discriminate by gender and age, did not plausibly demonstrate government intent to discriminate, dismissing the case with prejudice. As reported, in *Totes-Isotoner v. United States*, the Court of Appeals for the Federal Circuit (CAFC) affirmed CIT's dismissal for *Totes-Isotoner's* failure to provide significant facts to establish that the government had discriminatory purpose in its allegedly dissimilar treatment of gender and age in the HTS.

The plaintiffs were allowed to refile their complaints, and CIT consolidated them into the Rack Room test case. Rack Room argued that because the HTS uses the gender and age of intended users of certain imported products to distinguish between tariff rates, and because those tariff rates are not equal, the HTS unconstitutionally discriminates on the basis of gender and/or age. In support of its claim, Rack Room added additional complaints in an effort to demonstrate governmental intent to discriminate. According to CIT, Rack Room's argument that Congress showed intent to discriminate by specifically enacting tariffs separated by gender simply reasserted the claims rejected earlier in the *Totes-Isotoner* case that the tariff classifications at issue are facially discriminatory.

CIT also rejected Rack Room's citation of a 1960 study of the HTS that age and gender distinctions within the HTS are of "questionable" economic justification as not being an indication of congressional intent. Therefore, CIT announced, Rack Room's complaints did not assert facts that were specific enough to have some evident connection to potentially unlawful behavior. Accordingly, CIT dismissed the case with prejudice.

CIT Decision:

http://www.cit.uscourts.gov/slip_op/Slip_op12/12-18.pdf

FTZ Board to Issue Final Rule Soon on Revisions and Updates to FTZ Regulations

The Foreign Trade Zones Board (FTZB) recently announced its issuance of a final rule to revise and update the Foreign Trade Zone (FTZ) regulations. The rule change, which will be published in the Federal Register soon, is the first regulatory overhaul of the FTZ program in 20 years. According to the Commerce Department, the new FTZ rule streamlines the application procedures manufacturers have to follow to get the benefits of a FTZ, and also streamlines the process that needs to be followed to designate new FTZ locations for individual companies' use. FTZB reports that the new regulations continue to require advance approval for manufacturing in FTZs, but streamline the procedures and timeframe for issuing this type of approval.

Specifically, the new regulations replace the prior manufacturing-approval procedures with a simpler and faster standard "notification" process that will, according to the FTZB, reduce the ordinary processing time for notifications by two-thirds, to 120 days. Under the new regulations, all proposed manufacturing activity will include a public comment period. If issues arise pertaining to the proposed manufacturing activity, the FTZB will be able to conduct a more extensive "application" process (akin to the prior process for all manufacturing proposals). In addition, according to the FTZB, the information required for subzone applications has been simplified, with the ordinary application processing time cut in half – from 10 months to 5 months (or less).

The FTZB also notes that the new regulations draw a clear distinction between a new subzone designation for a company – thereby allowing the company to conduct activity not requiring additional, specific approval – and the separate process for the FTZB to consider potential manufacturing activity for the company, where applicable.

FTB press release (02/17/12)
<http://www.trade.gov/press/press-releases/2012/foreign-trade-zone-regulation-revision-promotes-flexibility-and-transparency-021712.asp>

FTZB Fact Sheet (02/17/12)
<http://www.trade.gov/press/press-releases/2012/fact-sheet-new-foreign-trade-zones-regulations-021712.asp>

Export-Import Bank Announces Credit Facility for Small Business Exporters

The Export-Import Bank recently unveiled a new product, Global Credit Express (GCE), which will enable more small business exporters throughout the U.S. to have access to revolving credit. Through GCE, small business exporters may be eligible for a revolving line of credit, up to \$500,000 for 6 to 12 months. During the program's pilot phase, an initial \$100 million in financing will be made available through a select number of lenders nationwide. Following the pilot, the Bank will evaluate the results of this direct loan program and determine whether to increase the available amount. As reported, the product is specially designed to finance the business of exporting rather than specific export transactions. Small business exporters interested in applying for financing through GCE can contact the Bank by calling toll-free to 1-800-565-EXIM (3946) and selecting option 2.

Ex-Im notice (2/17/12)
<http://www.exim.gov/pressrelease.cfm/8416BDC2-C97D-AE91-CEE30EA7C5618822/>

NAM Urges Congress to Renew Export-Import Charter which Expires on 3/31/12

According to leaders of the National Association of Manufacturers (NAM), small exporters will be among the most to benefit from the charter renewal of the Export-Import Bank of the United States and the most to suffer if Congress fails to act soon. In addition to a new charter, which expires 03/31/12, exporters are looking for an increase in the bank's lending cap from \$100 billion to \$135 billion. Although the bank has stepped up its efforts to assist small businesses in the past two years, the bank will have to turn away prospective exporters if it doesn't raise the lending cap, announced NAM President Jay Timmons. As reported, legislation to extend the bank's charter stalled in Congress after a group of air carriers led by Delta Air Lines sued the bank, alleging that Ex-Im harmed U.S. businesses when it underwrote a \$3.4 billion loan to Air India to purchase Boeing aircraft. www.joc.com (2/23/12)

USTRA Posts Updated List of Reverse Trade Missions

The U.S. Trade and Development Agency (USTRA) announced a series of "reverse" trade missions to the U.S. and worldwide conferences and workshops which link U.S. businesses with foreign buyers. According to USTDA, these events are designed to showcase U.S. technologies and services that can help partner countries achieve their development goals. Business briefings provide a platform for foreign delegates to present their upcoming procurement needs to businesses. A hallmark of USTDA-sponsored events is the one-on-one meeting, which allows U.S. companies and overseas project sponsors to discuss specific solutions to development challenges. The USTDA trade missions, conferences, and workshops are scheduled for February- April 2012 and beyond:

***Feb 19-Mar 1, 2012** - Kazakhstan Gas Utilization Reverse Trade Mission - Washington, D.C.; Houston, TX

***Feb 21-Mar 1, 2012** - South Africa Smart Grid Reverse Trade Mission - Washington, DC, Philadelphia, PA, and Atlanta, GA

***Mar 5-14, 2012** - East and Southern Africa Airspace Integration Reverse Trade Mission - Washington, DC; Miami, FL; Houston, TX

***Mar 12-21, 2012** - Latin America and Caribbean Regional Intelligent Transportation Systems Initiative - Mexico Delegation - Washington D.C.; Houston, TX; and Phoenix, AZ

(Continued above)

***Mar 14-16, 2012** - Southern Africa Rail Workshop - Hyatt Regency Johannesburg, South Africa

***Mar 25-Apr 2, 2012** - China Mercury Emissions Control Technologies Reverse Trade Mission - New Orleans, Baton Rouge, Coshatta, LA; Marshall, TX; Washington, D.C.; Curtis Bay, MD; New York, NY

***Apr 14-25, 2012** - Turkey Smart Grid Reverse Trade Mission - Washington, DC; New York City, NY; Miami, FL

Event Dates to be Determined Include:

***Early 2012** - Egypt: Forward ICT Technical Workshop - Cairo, Egypt

***Spring 2012** - Thailand Rail Sector Modernization Reverse Trade Mission - Washington, D.C.; Erie and Grove City, PA; Lafayette and Muncie, IN; and Chicago, IL

USTRA notice:

<http://www.ustda.gov/news/>



It was one of those March days when the sun shines hot and the wind blows cold: When it is summer in the light, and winter in the shades.

-Charles Dickens

White House Posts Update on Attempt to Streamline Government Trade Functions

Recently President Obama issued a memorandum to the heads of executive departments and agencies on actions to take to maximize the effectiveness of federal programs and functions supporting trade and investment. He noted that the U.S. cannot afford to wait until the Congress acts on the proposed "Consolidation Authority Act," which would consolidate federal agencies and departments into one entity. The announced that the U.S. must do all it can administratively to make the most efficient and effective use of the federal government's trade, foreign investment, export, and business programs and functions. The President has therefore directed the Export Promotion Cabinet, in consultation with the Trade Promotion Coordinating Committee (TPCC), to:

- *develop strategies and initiatives in support of the Administration's strategic trade and investment goals and priorities;
- *support efforts to create BusinessUSA, an online platform that will enable exporters to access information about export-related Government programs, resources, and services regardless of which agency provides them;
- *evaluate resources to assist with trade financing and encourage foreign investment and make budgetary recommendations to the OMB
- *take steps to ensure the most efficient use of domestic and foreign offices and distribution networks; and
- *pending passage of legislation providing Consolidation Authority, develop and coordinate administrative initiatives to align and enhance programs that enable and support businesses to innovate, grow, and increase exports.

White House press release:

<http://www.whitehouse.gov/the-press-office/2012/02/17/presidential-memorandum-maximizing-effectiveness-federal-programs-and-fu>

Administration Drafts Bill to Consolidate Trade Agencies

Recently the Administration issued a press release stating that it sent Congress the Consolidating and Reforming Government Act of 2012, which would reinstate for two years certain authority that would allow the President to put forward, for expedited consideration by Congress, plans to consolidate and reform the Federal government for the 21st century. The President has noted that his first focus if enacted would be to consolidate the six agencies or parts of agencies that focus primarily on business and trade into one department. This would include:

- *the Commerce Department's core business and trade functions,
- *the Small Business Administration (SBA),
- *the Office of the U.S. Trade Representative (USTR),
- *the Export-Import Bank,
- *the Overseas Private Investment Corporation, and
- *the U.S. Trade and Development Agency.

A cover letter to draft bill text and section-by-section analysis reports that:

- *The legislation would permit the creation, abolition, consolidation, transfer, or renaming of an executive agency or department if the proposed reorganization reduced the overall number of agencies or achieved cost savings.
- *It would maintain the procedures from the 1984 reorganization authority that ensure that the Congress has a full voice. It provides a process for an up-or-down vote to approve reorganization plans in both Houses of Congress in an expedited fashion.

(Continued below)

*The bill would leave unchanged standard provisions from prior reorganization authorities that permit the President to make amendments to a plan pending in committee to accommodate feedback, preclude reorganization plans from covering more than one logically consistent subject matter, and allow no more than three plans to be pending before Congress at one time.

*And it would provide that the reorganization authority sunsets after two years, thereby allowing the Congress to regularly reconsider its authorization.

White House press release:

<http://www.whitehouse.gov/sites/default/files/omb/legislative/letters/reorg-authority-letter-and-legislation-to-speaker-of-the-house.pdf>

DHS Posts Report on Border Security and Trade Facilitation Progress in 2011

The Department of Homeland Security (DHS) released a report on its accomplishments in 2011, in connection with a speech by Secretary Janet Napolitano on the progress DHS has made that year. The report notes that the Container Security Initiative is now active at more than 50 overseas ports and the Customs-Trade Partnership Against Terrorism (C-TPAT) has grown to more than 10,200 Certified Partners worldwide. With respect to international trade, DHS reports the following accomplishments in 2011:

*Strengthening International Partnerships. Through partnerships around the world and with the private sector, DHS is enhancing cargo security through a risk- and technology-based approach that strengthens cargo screening at every point in the global supply chain.

*Program Global Shield, implemented in coordination with WCO, is a multilateral law enforcement effort aimed at combating the illicit cross-border diversion and trafficking of explosive precursor chemicals for making improvised explosive devices (IED) by monitoring their cross-border movements.

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Under Program Global Shield, more than 70 participating countries are currently sharing information with each other to ensure that chemicals entering their countries are being used in safe and legal ways. As of December 2011, Program Global Shield has accounted for seizures of chemical precursors totaling over 45 metric tons and 19 arrests related to the illicit diversion of these chemicals.

*Through the National Cargo Security Program Recognition (NCSP), TSA reviewed foreign partners' cargo screening to determine whether their programs provide a level of security commensurate with the level of security provided by existing U.S. air cargo security programs. Partners that meet TSA screening requirements are officially recognized under NCSP to conduct screening for cargo traveling to the U.S.

*DHS launched the Homeland Security Dialogue with India—the first comprehensive bilateral dialogue on homeland security issues between the two countries, focusing on securing the global supply chain, trafficking of illicit goods and materials, and protection of critical cyber infrastructure.

*ICE provided IPR enforcement training to more than 17,000 law enforcement partners and stakeholders, to provide tools to combat intellectual property-related issues in order to protect the public health and safety.

*Improving Cooperation on the Canadian Border - The Beyond the Border: A Shared Vision for Perimeter Security and Economic Competitiveness Declaration, signed by President Obama and Canadian Prime Minister Harper in February 2011 sets out joint priorities to advance both countries' interests in shared security and economic competitiveness. Secretary Napolitano and Canada's Public Safety Minister Vic Toews announced the Joint Border Threat and Risk Assessment, highlighting the U.S.' and Canada's commitment to identifying and mitigating potential threats of terrorism and transnational organized crime along the shared border.

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*Securing the Border and Facilitating Trade with Mexico - The Declaration on 21st Century Border Management, issued by Presidents Obama and Calderon, expressed the US and Mexico's commitment to increased collaboration on facilitating legitimate trade and travel at the border, while continuing to combat transnational crime. As part of this effort, DHS is working closely with its Mexican counterparts on critical infrastructure protection and expansion of trusted traveler and shipper programs. DHS made great strides in expediting legal trade and travel—working with local leaders to update infrastructure and reduce wait times at our Southwest border ports of entry through initiatives including Active Lane Management which leverages Ready Lanes, Dedicated Commuter Lanes, and LED signage to dynamically monitor primary vehicle lanes and re-designate lanes as traffic conditions and infrastructure limitations warrant.

*Countering Chemical, Biological, Radiological, and Nuclear Threats

*In FY 2011, DHS' National Biodefense Analysis and Countermeasures Center (NBACC) laboratory received its accreditation with the Centers for Disease Control & Prevention (CDC) and the U.S. Department of Agriculture to begin research and diagnostics on pathogens to understand the scientific basis of the risks posed by biological threats and to attribute their use in bioterrorism events.

DHS notice: <http://www.dhs.gov/xabout/2011-dhs-accomplishments.shtm>

Australian Man and His Firm Indicted in Plot to Export Restricted Military and Other United States Technology to Iran

WASHINGTON – An Australian man and his company have been indicted today by a federal grand jury in the District of Columbia for conspiring to export sensitive military and other technology from the United States to Iran, including components with applications in missiles, drones, torpedoes, and helicopters.

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The five-count indictment charges David Levick, 50, an Australian national, and his company, ICM Components Inc., located in Thorleigh, Australia, each with one count of conspiracy to defraud the United States and to violate the International Emergency Economic Powers Act (IEEPA) and the Arms Export Control Act; as well as four counts of illegally exporting goods to an embargoed nation in violation of IEEPA; and forfeiture of at least \$199,227.41.

The indictment was announced by Lisa Monaco, Assistant Attorney General for National Security; Ronald C. Machen Jr., U.S. Attorney for the District of Columbia; John J. McKenna, Special Agent in Charge of the Commerce Department's Office of Export Enforcement Boston Field Office; James W. McJunkin, Assistant Director in Charge of the FBI's Washington Field Office; Kathryn Feeney, Resident Agent in Charge of the Defense Criminal Investigative Service (DCIS) Resident Agency in New Haven Ct; and Bruce M. Foucart, Special Agent in Charge of U.S. Immigration and Customs Enforcement's (ICE) Homeland Security Investigations (HSI) in Boston.

Levick, who is the general manager of ICM Components, remains at large and is believed to be in Australia. If convicted, Levick faces a potential maximum sentence of five years in prison for the conspiracy count and 20 years in prison for each count of violating IEEPA.

According to the indictment, beginning as early as March 2007 and continuing through around March 15, 2009, Levick and ICM solicited purchase orders from a representative of a trading company in Iran for U.S.-origin aircraft parts and other goods. This person in Iran, referenced in the charges as "Iranian A," also operated and controlled companies in Malaysia that acted as intermediaries for the Iranian trading company.

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The indictment alleges that Levick and ICM then placed orders with U.S. companies on behalf of Iranian A for aircraft parts and other goods that Iranian A could not have directly purchased from the United States without U.S. government permission. Among the items the defendants allegedly sought to procure from the United States are the following:

*VG-34 Series Miniature Vertical Gyroscopes. These are aerospace products used to measure precisely and/or maintain control of pitch and roll in applications such as helicopter flight systems, target drones, missiles, torpedoes and remotely piloted vehicles. They are classified as defense articles by the U.S. government and may not be exported from the United States without a license from the State Department or exported to Iran without a license from the Treasury Department.

*K2000 Series Servo Actuators designed for use on aircraft. The standard Servo Actuator is designed to be used for throttle, nose wheel steering and most flight control surfaces. High-torque Servo Actuators are designed to be used for providing higher torque levels for applications such as flaps and landing gear retraction. These items are classified as defense articles by the U.S. government and may not be exported from the United States without a license from the State Department or exported to Iran without a license from the Treasury Department.

*Precision Pressure Transducers. These are sensor devices that have a wide variety of applications in the avionics industry, among others, and can be used for altitude measurements, laboratory testing, measuring instrumentations and recording barometric pressure. These items may not be exported to Iran without a license from the Treasury Department.

*Emergency Floatation System Kits. These kits contained a landing gear, float bags, composite cylinder and a complete electrical installation kit. Such float kits were designed for use on Bell 206 helicopters to assist the helicopter when landing in either water or soft desert terrain. These items may not be exported to Iran without a license from the Treasury Department.

the charges.

(Continued above)

*Shock Mounted Light Assemblies. These items are packages of lights and mounting equipment designed for high vibration use and which can be used on helicopters and other fixed wing aircraft. These items may not be exported to Iran without a license from the Treasury Department.

According to the charges, Levick and ICM, when necessary, used a broker in Florida to place orders for these goods with U.S. firms to conceal that they were intended for transshipment to Iran. The defendants also concealed the final end-use and end-users of the goods from manufacturers, distributors, shippers and freight forwarders in the United States and elsewhere, as well as from U.S. Customs and Border Protection. To further conceal their efforts, the defendants structured payments between each other for the goods to avoid restrictions on Iranian financial institutions by other countries.

The indictment further alleges that Levick and ICM wired money to companies located in the United States as payment for these restricted goods. Levick, ICM and other members of the conspiracy never obtained the required licenses from the Treasury or State Department for the export of any of these goods to Iran, according to the charges.

In addition to the conspiracy allegations, the indictment charges the defendants with exporting or attempting to export four specific shipments of goods from the United States to Iran in violation of IEEPA. These include a shipment of 10 shock mounted light assemblies on Jan. 27, 2007; a shipment of five precision pressure transducers on Dec. 20, 2007; a shipment of 10 shock mounted light assemblies on March 17, 2008; and a shipment of one emergency floatation system kit on June 24, 2008.

Facing Foreign Government Trade Barriers?

The U.S. Department of Commerce's Trade Agreements Compliance Program (http://tcc.export.gov/Additional_Info/About_TCC/index.asp) helps American exporters and investors overcome foreign trade barriers caused by foreign government policies and works to ensure that foreign countries comply with their trade agreement obligations to the United States. If your firm is facing a foreign government trade or investment barrier ([http://tcc.export.gov/Report_a_Barrier/Common Trade Problems/index.asp](http://tcc.export.gov/Report_a_Barrier/Common_Trade_Problems/index.asp)), you can complete this short form:
Report a Trade Barrier (http://tcc.export.gov/Report_a_Barrier/index.asp) or you can call us at 202-482-1191. We will evaluate the issue and discuss with you a plan to address the barrier to your export or investment.

Customs Proposes Change to In-Bond Process

DEPARTMENT OF HOMELAND SECURITY
U.S. Customs and Border Protection
DEPARTMENT OF THE TREASURY
19 CFR Parts 4, 10, 18, 19, 113, 122, 123, 141, 142, 143, 144, 146, 151, and 181

[USCBP-2012-0002]
RIN 1515-AD81

AGENCY: U.S. Customs and Border Protection, Department of Homeland

SECURITY; Department of the Treasury

ACTION: Notice of proposed rulemaking.

(Continued above)

SUMMARY: Under the U.S. Customs and Border Protection (CBP) regulations, imported merchandise may be transported in-bond. This process allows imported merchandise to be entered at one U.S. port of entry without appraisal or payment of duties and transported by a bonded carrier to another U.S. port of entry provided all statutory and regulatory conditions are met. At the destination port, the merchandise is officially entered into the commerce of the United States and duties paid, or, the merchandise is exported.

CBP is proposing various changes to the in-bond regulations to enhance CBP's ability to regulate and track in-bond merchandise and to ensure that the in-bond merchandise is properly entered and duties are paid or that the in-bond merchandise is exported.

Among other things, the proposed changes would: eliminate the paper in-bond application (CBP Form 7512) and require carriers or their agents to electronically file the in-bond application; require additional information on the in-bond application including the six-digit Harmonized Tariff Schedule number, if available, and information relevant to the safety and security of the in-bond merchandise; establish a 30-day maximum time to transport in-bond merchandise between United States ports, for all modes of transportation except pipeline; require



carriers to electronically request permission from CBP before diverting the in-bond merchandise from its intended destination port to another port; and require carriers to report the arrival and location of the in-bond merchandise within 24 hours of arrival at the port of destination or port of export. CBP also proposes various other changes, including the restructuring of the in-bond regulations, so that they are more logical and better track the in-bond process. At this time, CBP is not proposing to change the in-bond procedures found in the air commerce regulations, except to change certain times periods to conform to the proposed changes in this document.

DATES: Comments must be received on or before April 23, 2012.

FOR FURTHER INFORMATION CONTACT: Gary Schreffler, Office of Field Operations, (202) 344-1535.

FIRE IN DDTC

A fire occurred early Tuesday morning, March 20 in a portion of the Columbia Plaza building complex that includes the Office of Defense Trade Controls Compliance (DTCC). The fire occurred before normal duty hours and there were no reports of injury. The fire did not impact DTCC, but the office experienced fairly significant water damage. Other offices within the Directorate of Defense Trade Controls were not impacted. As a result, DTCC was closed Tuesday and remains closed while damage assessment teams survey conditions. Temporary space is being prepared for Compliance staff within other offices of the Directorate. This effort will take 2-3 days to complete.

We anticipate that DTCC will return to a relatively normal level of operation within a week. There will be some delay that industry will experience in contacting members of Compliance staff and in the issuance of new and renewing registrations. We do not expect those delays to last more than 5 business days and request your patience during this period of transition and reconstruction.

