

# The Export Practitioner<sup>TM</sup>

MARCH  
2022

VOLUME 36  
NUMBER 3

Timely News and Analysis of Export Regulations

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**Russia Sanctions**

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# The Export Practitioner

**MARCH 2022**  
Volume 36  
Number 3

**Publisher**  
Martin Kalin

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The Export Practitioner  
Is published monthly by  
Gilston-Kalin Communications, LLC  
P.O. Box 5325,  
Rockville, MD 20848-5325

(301) 460-3060

[www.exportprac.com](http://www.exportprac.com)

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# U.S., Allies Run Full Playbook of Export Controls, Sanctions

While the U.S. and its allies pull out almost all the stops in isolating Russia from the world financial and technological markets, U.S. companies and the attorneys advising them would be pardoned if they couldn't keep up with the ever-changing export controls and sanctions. At press time, the U.S. was adding more sanctions on the Russian defense industry and expanding export controls on Belarus.

"Nothing about the new export controls or sanctions require companies cease \*all\* sales to Russia. But many huge companies have done exactly that, likely out of caution [regarding] accidental violations, or concerns around clearing sales through sanctioned banks," Hal Hodson, a correspondent for the Economist tweeted. Companies including BMW, Nike, Harley Davidson, Volvo, Apple, Dell, Maersk and on and on have announced plans to stop selling products to Russia.

The list of actions the U.S., the European Union (EU) and other trading partners have taken against Russia since its invasion of Ukraine is long and unwieldy, including sanctions on Russian banks, members of its leadership and elite circles, novel export controls and many other restrictions on trade and investment.

Most recently, the Bureau of Industry and Security (BIS) March 2, 2022, employed the foreign-direct product (FDP) rule that the previous administration used to sanction China's Huawei, along with other restrictions, on Belarus for supporting the Russian invasion. BIS had imposed the FDP rule on Russia a week earlier, setting up the framework to add Belarus to its controls.

The list of actions the U.S., the European Union (EU) and other trading partners have taken against Russia is long and unwieldy.

## EU Agrees to SWIFT Action

The same day, the EU agreed to exclude key Russian banks from the SWIFT system, the world's dominant financial messaging system. "This measure will stop these banks from conducting their financial transactions worldwide in a fast and efficient manner," the EU said in a press release. The decision has been closely coordinated with the EU's international partners, such as the U.S. and the United Kingdom (UK).

"At the speed of light, the European Union has adopted three waves of heavy sanctions against Russia's financial system, its high-tech industries and its corrupt elite. This is the largest sanctions package in our Union's history. Today's decision to disconnect key Russian banks from the SWIFT network will send yet another very clear signal to Putin and the Kremlin," EU President Ursula von der

Leyen said in a statement,

The move will take effect March 12. "This will give SWIFT and other operators a brief transition period to implement the measure, thereby mitigating any possible negative impacts for EU businesses and financial markets," the EU said. Specific banks include: Bank Otkritie, Novikombank, Promsvyazbank, Bank Rossiya, Sovcombank, VNESHECONOMBANK (VEB) and VTB BANK.

Four days earlier, Treasury's Office of Foreign Assets Control (OFAC) designated the Russian Central Bank, the National Wealth Fund, and the Finance Ministry. At the same time, the agency issued General License (GL) 8A to authorize certain energy-related transactions with the Central Bank through June 24.



## Administration Pulls Out Foreign-Direct Product Rule

True to its word, the Biden administration Feb. 24 announced specific export controls including the new FDP rule on Russia. “On export controls, what you can see is that, over time, this is going to atrophy Russia’s capacity to diversify outside of just oil and gas, and to modernize the strategic sectors that Putin himself has said he wants to develop: aerospace, defense, IT, lasers, sensors, Daleep Singh, deputy director of the National Economic Council, told a White House briefing.

“These sectors all depend on foundational technologies designed and produced by the West. You will begin to see a chilling effect take hold in Russia as those inputs are denied,” he added.

“Now, we have also said we are going to cut off Russia’s access to cutting-edge technology. That technology can be used across many sectors. And so, as it relates to Russia’s long-term productive capacity, we are seeking to degrade that capacity, but nothing — nothing in the short term, as it relates to energy,” Singh said.

In a briefing a week earlier, Singh rejected the idea that Russia could get these high-tech inputs from China. “We define the productive frontier. So, there really is no ability for Russia to replace or compensate for the denial of these inputs from anywhere else, including China,” he said. “We have an asymmetric advantage when it comes to the foundational technologies of our time. So, think of AI, semiconductors, quantum, robotics, hypersonic flight,” Singh added.

These export controls were carefully coordinated with the EU and other trading partners. Canada for example, restricted exports to Russia by “halting new export permit applications and cancelling valid export permits, with a limited number of exceptions for critical medical supply chains,” its Foreign Ministry announced.

“We have an asymmetric advantage when it comes to the foundational technologies of our time.”

## BIS Adds New Russian Entities, Restricts Exceptions

In regulations published in the Federal Register March 3, BIS added new Commerce Control List (CCL)-based license requirements for Russia in the Export Administration Regulations (EAR); two new FDP rules; and a license review policy of denial applicable to all of the new license requirements, with certain limited exceptions.

In addition, the agency significantly restricted the use of license exceptions; expanded the existing Russia ‘military end use’ and ‘military end user’ control scope to all items “subject to the EAR” other than food and medicine designated EAR99, or Export Control Classification

Number (ECCN) 5A992.c and 5D992.c unless for Russian “government end users” and Russian state-owned enterprises (SOEs).

At the same time, BIS transferred 45 Russian entities from the Military End-User (MEU) List to the Entity List with an expanded license requirement of all items subject to the EAR (including foreign-produced items subject to the Russia-MEU FDP rules); and added two new Russia entities and revised two Russia entities to the Entity List.

In parallel, State’s Directorate of Defense Trade Controls (DDTC) announced that “effective immediately, it is the policy of [DDTC] to deny licenses or other approvals for exports, reexports, retransfers, temporary imports of, and brokering activities related to defense articles and defense services, destined for or originating in the so-called Donetsk People’s Republic (DNR) or Luhansk People’s Republic (LNR) regions of Ukraine,” the agency posted on its website Feb. 25.

## OFAC Sanctions Nord Stream CEO, Russian Banks

The Biden administration also imposed other sanctions on the country, including designating the company behind the now-canceled Nord Stream 2 pipeline and its corporate

officers, Russian Central Bank and even Vladimir Putin himself. Citing the need to rebuild European relationships, the U.S. in May backed off imposing sanctions on the company, its CEO Matthias Warnig and its corporate officers (see *The Export Practitioner*, June 2021, page 4).

U.S. lawmakers on both sides of the aisle have been urging administration to impose the Nord Stream sanctions since the sanctions waiver was first announced in May 2021. Sen. Pat Toomey (R-Pa.) and other GOP lawmakers went as far as putting holds on the administration's State and Treasury nominees, in retaliation for Biden's sanctions waiver.

"I'm glad the Biden administration is finally following the law and imposing sanctions on the Nord Stream 2 pipeline, but this decision is too little too late. With Russian troops already invading Ukraine and preparing for a much larger assault, these sanctions are unlikely to have a deterrent effect," Toomey said in a statement.

At the same time as the designation, OFAC issued General License (GL) 4 authorizing the wind-down of transactions involving Nord Stream 2 AG or any entity in which Nord Stream 2 AG owns, directly or indirectly, a 50 percent or greater interest, through March 2.

The first tranche of sanctions also included designations of Russia's two largest financial institutions, Sberbank and VTB Bank, along with 25 Sberbank foreign subsidiaries, 20 VTB Bank subsidiaries, three additional major Russian financial institutions, and dozens of their subsidiaries.

OFAC also designated members of families close to President Putin and financial sector elites. The agency Feb. 25 designated Putin himself and Foreign Minister Sergei Lavrov, as well as other members of the Russian Security Council.

OFAC issued eight GLs authorizing certain transactions related to: international organizations and entities; agricultural and medical commodities and the COVID-19 pandemic; overflight and emergency landings; energy; dealings in cer-

tain debt or equity; derivative contracts; the wind-down of transactions involving certain blocked persons; and the rejection of transactions involving certain blocked persons.

## OFAC Targets Belarusian Entities

In addition, OFAC designated 24 Belarusian individuals and entities "due to Belarus's support for, and facilitation of, the invasion. The action focused on Belarus's defense sector and financial institutions, "two areas in which Belarus has especially close ties to Russia," the agency said.

Specifically, OFAC designated two significant state-owned banks, 14 individuals and entities in the Belarus defense and related materiel

sector and senior government security apparatus officials. At the same time, OFAC issued Belarus GLs 6 and 7 to authorize certain transactions related to the official business of the U.S. government and international organizations and entities, respectively.

In December, OFAC designated 20 Belarusian individuals and 12 entities and identified three aircraft as blocked property, as well as imposed restrictions on dealings in new issuances of Belarusian sovereign debt in the primary and secondary markets (see *The Export Practitioner*, January 2022, page 14).

## Lawmakers Eye Further Actions

More sanctions could come from the U.S. Congress. "I stand with the people of Ukraine as they endure Russia's attacks, and I support President Biden's new sanctions in response to this invasion. Together with our allies and partners, we must make clear that war is unacceptable. No tool in the Ways and Means Committee's jurisdiction is off the table as we explore our options to further confront Russia's aggression," Rep. Richard Neal (D-Mass.) said in a statement.

Neal's counterpart, Sen. Ron Wyden (D-Ore.), outlined

The first tranche of sanctions also included designations of Russia's two largest financial institutions, Sberbank and VTB Bank.

several key areas Congress needs to address and should support. These include adding resources to the IRS Criminal Investigations Unit, removing permanent normal trade relations (PNTR) on Russia, closing the loophole that exempts private equity and hedge funds from implementing basic anti-money laundering requirements, ensuring Treasury has sufficient funding for FinCen, and requiring financial institutions to rigorously monitor and eliminate correspondent banking services for Russian oligarchs and sanctioned entities.

To that end, Wyden March 2 introduced the No Most Favored Nation Trading with Russia Act (S.3722), which revokes Russia's PNTR status and provides the president the power to raise tariffs on a host of Russian products. A week

earlier, Reps. Lloyd Doggett (D-Texas) and Earl Blumenauer (D-Ore.) introduced similar House legislation (H.R. 6835) that would also initiate a process to formally deny Russia ac-

cess to the World Trade Organization (WTO).

Leading industry groups joined in the administration's push. The Semiconductor Industry Association (SIA) said its industry was "fully committed to complying with the new export control rules,"

SIA President and CEO John

Neuffer said in a statement. "We are still reviewing the new rules to determine their impact on our industry. While the impact of the new rules to Russia could be significant, Russia is not a significant direct consumer of semiconductors, accounting for less than 0.1 percent of global chip purchases," he added.

Wyden introduced the No Most Favored Nation Trading with Russia Act, which revokes Russia's PNTR status.

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## Md. Business Owner Sent to Prison for to Illegal Exports

The owner of a Md. export and logistics business was sentenced Feb. 22, 2022, in Baltimore U.S. District Court to six months in prison, followed by one year of supervised release for attempting to export goods, including five ionization chambers and one fission chamber, to Hong Kong without required licenses.

Jorge Orencel of Silver Spring pleaded guilty in December (see *The Export Practitioner*, January 2022, page 8). He owned and operated export and logistics business Sumtech.

***“At the conclusion of that visit, the defendant lied to the agents, assuring them that his company always obtained export licenses.”***

“The defendant, who is highly educated and experienced in the import/export business, engaged in a deliberate and carefully crafted deceit in order to obtain the nuclear fission chamber for export without the requisite license,” a Justice sentencing memo noted.

“The defendant not only lied repeatedly to the seller of the device about the ultimate destination of the device, but he also made false statements on the shipping documents about the value and destination of the device in order to avoid detection,” it added.

He “continued his efforts to unlawfully export the fission chamber even after law enforcement agents for the Department of Commerce visited him, in person at his office, and reviewed the rules and regulations that directly prohibited his conduct,” Justice said.

“At the conclusion of that visit, the defendant lied to the agents, assuring them that his company always obtained export licenses when required at a time when he knew that he was in the process of attempting to export the fission chamber without the requisite license,” it added.

Sumtech “specializes in distributing high technology merchandise, including laboratory supplies and devices, safety equipment, environmental monitoring systems, and industrial controls instruments,” according to its website.

## South Korean Telecom Settles FCPA Charges

Seoul-based telecom firm KT Corp. agreed Feb. 17, 2022, to pay the Securities and Exchange Commission (SEC) \$6.3 million to resolve charges of violating the Foreign Corrupt Practices Act (FCPA) by making improper payments for the benefit of government officials in Korea and Vietnam.

“KT lacked sufficient internal accounting controls over expenses, including executive bonuses and purchases of gift cards, which enabled managers and executives to generate slush funds. In addition, the misconduct involved former high-level managers and executives and occurred under circumstances whereby KT had no relevant anti-corruption policies or procedures with respect to donations, employment candidates, vendors, subcontractors, or third-party agents,” the SEC order noted.

“In certain instances, this allowed KT employees to provide benefits improperly to government officials and to seek business from government customers,” it added. Under the settlement, KT agreed to pay \$3.5 million in civil penalties and \$2.8 million in disgorgement.

In Korea from 2009 through 2017, “high-level executives of KT maintained slush funds, comprised of both off-the-books accounts and physical stashes of cash, in order to provide items of value to government officials, among others. These included gifts, entertainment and, ultimately, illegal political contributions to members of the Korean National Assembly serving on committees relevant to KT’s business,” the agency said.

“Between 2014 and 2018, KT employees internally discussed providing money to third parties connected to government officials in Vietnam in order



to obtain contracts for two projects. The first project was with the People's Committee of Quang Binh province in Vietnam to construct a solar cell power system, and the second was with the Vietnam Ministry of Labor, Invalids and Social Affairs to provide hardware, software, and training for five vocational colleges," it added.

### **Pa. Man Sent to Prison for Exporting Firearms to St. Lucia**

Thomas Harris Jr., of Croydon, Pa. was sentenced March 1, 2022, in Philadelphia U.S. District Court to 46 months in prison followed by three years of supervised release for exporting firearms to a buyer in St. Lucia without the required State licenses.

He was indicted in September 2020 and pleaded guilty in November 2021 (see *The Export Practitioner*, October 2020, page 12).

"When he attempted to send a shipment of firearms to St. Lucia through a common carrier, he failed to provide the carrier with written notice that there were guns in the shipment, as required by law," a Justice sentencing memo noted.

"By his actions he circumvented the procedures mandated by law that protect the public from the unfettered flow of firearms into the criminal underworld. He also sidestepped the laws that regulate and protect foreign commerce," it added.

***"He failed to provide the carrier with written notice that there were guns in the shipment, as required by law."***

In one package intercepted by federal agents, "concealed in household items such as packages of diapers, cat litter and laundry detergent, the agents found seven Glock semiautomatic pistols, one Ruger semiautomatic pistol, two AK-47 pattern pistols, two AK-47 pattern rifles, two AR-15 lower receivers, two AR-15 upper receivers, ten high-capacity Glock ammunition magazines, seven additional assorted ammunition magazines, and 815 rounds of ammunition," Justice said.

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## DDTC Proposes Revising Definitions, Clerical Errors

Proofreaders will be happy. State's Directorate of Defense Trade Controls (DDTC) Feb. 2, 2022, proposed several changes to its International Traffic in Arms Regulations (ITAR), including clarifying definitions, revising license exemptions and correcting administrative errors. Comments on the proposed rule are due April 4.

### *DDTC proposed replacing the term “national” with the ITAR-defined term “person” in the Canadian exemption.*

Specifically, State proposed revising the definitions of export and reexport “to clarify that any release of technical data to a foreign person described within the respective definitions is a release only to any countries in which that foreign person currently holds citizenship or permanent residency,” the Federal Register notice said.

In addition, DDTC proposed replacing the term “national” with the ITAR-defined term “person” in the Canadian exemption “to be consistent with how foreign persons are defined in the ITAR,” it said.

The agency also proposed clarifying ITAR § 126.18(c)(2) “by stating that the screened employee, not the end-user or consignee, must execute a non-disclosure agreement to provide assurances that said employee will not transfer any unclassified defense articles to unauthorized persons,” the notice added.

Finally, DDTC fixed administrative errors in the voluntary disclosures section of the ITAR by providing the correct references to exemptions pursuant to the Defense Trade Cooperation Treaties between the U.S. and Australia and the U.S. and the United Kingdom (UK).

## BIS Reorganizes Foreign-Direct Product Provisions

Just in time, Bureau of Industry and Security (BIS) refined its foreign-direct product (FDP) rule that administration officials put to good use against Russia in response to the invasion of Ukraine weeks later (see related story, page 4). In the Federal Register Feb. 3, 2022, BIS clarified, reorganized and made minor corrections to the FDP provisions in its Export Administration Regulations (EAR).

Officials used the FDP rule to sanction Huawei during the previous administration. “Placing the FDP rules in part 734 (Scope of the EAR) clarifies that they are used to determine if a foreign-produced item is subject to, and thus within the scope of, the EAR,” the BIS notice said.

“To further clarify the FDP rules, this rule moves the license requirement, license review policy, and license exception applicability text for listed entities from the Entity List’s footnote 1 to supplement no. 4 to part 744 to § 744.11(a), where the overall license requirements pertaining to listed entities are located,” it added.

In the new section § 734.9, BIS separated the FDP provisions into four paragraphs: the National Security FDP rule, the 9x515 FDP rule, the “600 series” FDP rule, and the Entity List FDP rule.

“While the product scope of the first three FDP rules is relatively similar in format, the country scopes of each rule are different. This reorganization and naming of the FDP rules does not make substantive changes to the FDP rules. Rather, it facilitates reference to and compliance with the rules,” it explained.

In addition, BIS added double quotation marks around terms that are defined in part 772 of the EAR, e.g., direct product, technology, software and equipment. “BIS has received requests for additional guidance about determining the scope of production equipment in relation to the Entity List FDP rule and clarifying that these are defined terms should help the public better understand its obligations,” it said.

## Census Withdraws Proposal on Puerto Rico Requirement

Census officials weren't kidding when they said they were close to a decision about removing export filing requirements for shipments from U.S. states to Puerto Rico. In the Federal Register Feb. 4, 2022, the Bureau withdrew its proposal to remove Electronic Export Information (EEI) filing requirements.

Census first published its long-promised Advance Notice of Proposed Rulemaking (ANPR) in September 2020, requesting comments on the unique requirements. In December, Census officials said they were close to publishing a response to comments on this issue (see *The Export Practitioner*, January 2022, page 17). Census received 60 comments on the rule, including a mix of positive and negative responses.

"The Census Bureau will continue to collect the EEI because there is no alternative data source that yields the same high-quality data for Puerto Rico and the U.S. Virgin Islands," the most recent notice said.

"The EEI data meets the Census Bureau's statistical objectives and the needs of its data users, including the Bureau of Economic Analysis (BEA), who produces the Gross Domestic Product estimates for Puerto Rico and the U.S. Virgin Islands, which is a Principal Federal Economic Indicator," it added.

"Both the Census Bureau and BEA are open to considering proposed alternative data sources which will be evaluated, tested, and verified to determine whether the data meet the statistical objectives of the current EEI," Census noted.

## Murray Export Bill Would Designate "Country of Concern"

In the latest move by lawmakers to take back control over certain arms exports, Sen. Patty Murray (D-Wash.) Feb. 2, 2022, introduced the Values in Arms Export Act of 2022 (S. 3558), legislation that would restore Congressional authority over arms sales and prevent U.S. arms from being used to violate the laws of war and human rights. The bill would

create a three-year "country of concern" designation for certain trading partners.

In October, Reps. Gregory Meeks (D-N.Y.), Abigail Spanberger (D-Va.) and Susan Wild (D-Pa.) introduced the Safeguarding Human Rights in Arms Exports (SAFEGUARD) Act (H.R. 5629) that would prohibit arms sales to countries committing genocide or war crimes and elevate protection of human rights in the export control of defense articles and defense services (see *The Export Practitioner*, November 2021, page 21). Sen. Bob Menendez (D-N.J.) and six co-sponsors, including Murray, introduced the parallel Senate bill in April 2021 (S.1473).

***During the three-year designation, any country of concern would be required to submit to a program of enhanced monitoring.***

During the three-year designation, any country of concern would be required to submit to a program of enhanced monitoring. The bill also makes the first initial designations: Saudi Arabia and the United Arab Emirates (UAE).

"Simply put, U.S. weapons should not be being used to commit war crimes, and it's time Congress re-asserted its authority over international arms sales to prevent that," Murray said in a statement. "It's time we strengthen the role of Congress in future arms deals and keep our weapons out of the wrong hands," she added.

## DDTC Revises Guidance for Preparing Agreements

"Kill your darlings," many famous writers have been quoted as saying. State's Directorate of Defense Trade Controls (DDTC) took that advice to heart when it published its revised guidance on preparing agreements Feb. 14, 2022, leaving almost 100 pages of previous guidance on the cutting room floor.

The agency published its last guidance in August

2016, in parallel with some new definitions for its export regulations, including for the terms “export,” “reexport” and “retransfer” (see *The Export Practitioner*, September 2016, page 14).

While the agency reduced the page count by more than 50 percent, “the majority of the text remains unchanged but has been relocated and combined with like topics in order to provide more coherent guidance. Some verbiage has been modified for

## ***“MLAs involving the licensed manufacture of defense article abroad should identify the estimated quantity.”***

grammatical reasons,” DDTC said.

“Additionally, duplicative information previously requested in the transmittal letter has been deleted. Some formatting changes are also provided based on industry best practices,” it added.

The agency called out a few “noteworthy changes” including: under certain circumstances, cover letters are no longer required with executed copies of Technical Assistance Agreements (TAAs) and Warehouse and Distribution Agreements (WDAs); expedited execution is expanded to include the removal of sublicensees; the U.S. sublicensing statement is no longer required; and optional language when utilizing §126.18 is now provided.

In addition, DDTC clarified that the description of end-use includes the identification of platforms; added clarification on identifying and documenting foreign end users and the “deployment clause”; updated documentation of space launch territories on the DSP-5 vehicle; and clarified that the 124.4(b) letter must provide an estimate of the quantity of the articles authorized to be produced.

“Additionally, MLAs involving the licensed manufacture of defense article abroad should identify the estimated quantity as part of the scope of the agreement,” the agency said.

As part of the revision process, DDTC removed certain topics and posted those pages separately on its website, including: Part 130 Statements; Foreign

Party GC (Option 3) for DN/TCN Authorizations; Utilization of Law Firms and Consultants; Authorizations Submitted in Support of U.S. Operations; Certification Letter (§ 126.13) Guidance; and Guidance on Export Control Reform.

## **Agencies Promise Resilience, Security in ICT Supply Chain**

In its much-hyped one-year assessment of the information and communications technology (ICT) supply chain, the Biden administration Feb. 24, 2022, released statements with lots of words, but observers were hard-pressed to find concrete actions.

Companies and trade groups previously warned the administration against overly restrictive requirements and unilateral trade measures, while encouraging partnerships with allies and increased transparency into the whole full ICT ecosystem (see *The Export Practitioner*, December 2021, page 4).

The administration listened attentively and one of its eight recommendations echoed industry’s demands. “Improve international engagements through existing fora to advance shared interests in the ICT industry. These interests include bolstering supply chain security and diversity for critical products, strengthening trade enforcement, and enhancing participation in international standards development,” the official assessment noted.

In a joint statement, Commerce Secretary Gina Raimondo and Homeland Security Secretary Alejandro Mayorkas outlined three major challenges faced by the supply chain: the COVID-19 pandemic, manufacturing shift overseas and cyber incidents.

To address these challenges, the two departments “continue to take immediate actions to bolster the U.S. industrial base as part of a whole-of-government approach to protect and strengthen the supply chains that keep our economy running and our communities safe, but the U.S. government alone cannot address these ICT supply chain vulnerabilities,” they said.

### Ex-Im Bank Will Offer New Financing

As part of the one-year review the Export-Import Bank (Ex-Im) Board of Directors will vote “later this spring on a domestic financing initiative that will support this effort by offering new financing opportunities for the establishment or expansion of U.S.-based manufacturing and infrastructure facilities with an export nexus,” Ex-Im President Reta Jo Lewis announced in a separate statement.

“The initiative will also offer financing priority to environmentally beneficial, small business, and transformational export area transactions, including semiconductors, biotech and biomedical products, renewable energy, and energy storage,” she added.

Industry groups welcomed the efforts. “We share the Biden administration’s goal of ensuring the health and long-term resiliency of the global supply chain. As we review the White House’s plan, we hope for a focus on strengthening our supply chain to ensure the United States remains globally competitive in the 21st century,” Aerospace Industries Association (AIA) President and CEO Eric Fanning said.

The Information Technology Industry Council (ITI) also joined the party. “We are encouraged by the administration’s ongoing engagement with industry, including through public-private partnerships such as the ICT Supply Chain Risk Management Task Force, and efforts to boost the domestic ICT workforce and semiconductor production, including its call to Congress to fund the CHIPS for America Act.” said ITI President and CEO Jason Oxman.

## END NOTES

**ENTITY LIST:** BIS in Federal Register Feb. 14 added seven entities in China, Pakistan and UAE to Entity List. Rule also modified four existing Chinese entries, including three separate Huawei entries, to correct typographical error, to add necessary punctuation and to “mitigate confusion,” notice said. Chinese

firm Jiangsu Tianyuan Metal Powder Co. “engaged in activities that warranted the imposition of measures” under Iran, North Korea and Syria sanctions.

**BURUNDI:** OFAC Feb. 11 formally removed Burundi Sanctions Regulations from Code of Federal Regulations. In November, President Biden signed Executive Order (EO) terminating sanctions on Burundi that have been in place since 2015 (see *The Export Practitioner*, December 2021, page 17). “The situation in Burundi had been significantly altered by events of the past year, including the transfer of power following elections in 2020, significantly decreased violence, and President Ndayishimiye’s pursuit of reforms across multiple sectors,” OFAC’s Federal Register notice said. President Obama imposed sanctions on government officials of central African country in November 2015.

**ETHIOPIA:** Give one, take one. OFAC in Federal Register Feb. 9 issued Ethiopia Sanctions Regulations to implement September Executive Order (EO). Agency “intends to supplement these regulations with a more comprehensive set of regulations, which may include additional interpretive guidance and definitions, general licenses, and other regulatory provisions,” it said. In addition, OFAC incorporated General Licenses 1, 2 and 3, which authorize official business of certain international organizations and entities; certain transactions in support of nongovernmental organizations’ activities; and transactions related to the exportation or reexportation of agricultural commodities, medicine, medical devices, replacement parts and components, or software updates. In November, agency designated four entities and two individuals “in response to the growing humanitarian and human rights crisis and expanding military conflict in Ethiopia,” agency said (see *The Export Practitioner*, December 2021, page 13).

**EX-IM BANK:** Senate Feb. 9 confirmed Reta Jo Lewis to be Export-Import (Ex-Im) Bank president. Vote was 56-40. Senate Banking Committee re-approved



Lewis nomination in 13-11 vote in January (see *The Export Practitioner*, February 2022, page 17). She previously served as senior fellow and director of congressional affairs at German Marshall Fund (GMF).

**CIVIL PENALTIES:** In Federal Register Feb. 9, OFAC adjusted for inflation maximum civil monetary penalties (CMPs) under relevant regulations. These include: Iran, Sudan, Zimbabwe, Syrian, Darfur, Congo, Belarus, Lebanon, Magnitsky Act and Hizballah sanctions programs.

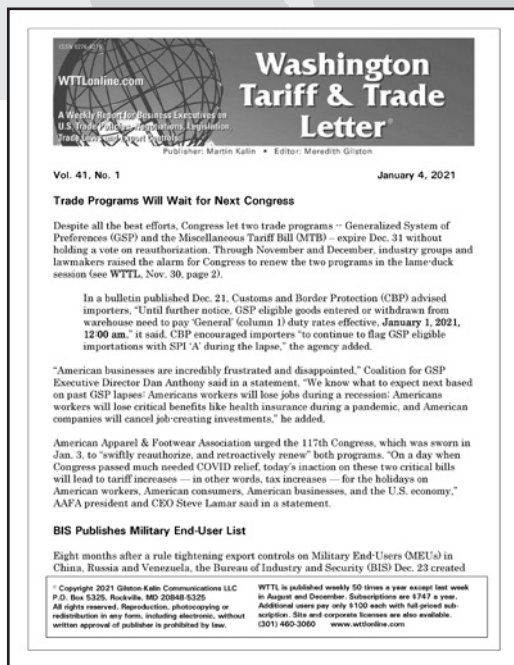
**UNVERIFIED LIST:** In Feb. 8 Federal Register, BIS added 33 Chinese entities, including two WuXi Biologics (Cayman) subsidiaries in Shanghai and Wuxi, to its Unverified List (UVL) because agency “was unable to verify their bona fides because an end-use check could not be completed satisfactorily for reasons outside the U.S. Government's control,” notice said. “We welcome inspection at any time for the clearance and removal from such list. We are also pursuing interim measures to remove these subsidiaries from the list prior to inspection,” Wuxi Biologics said in statement.

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