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A Weekly Report for Business Executives on U.S. Trade Policies, Negotiations, Legislation, Trade Laws and Export Controls

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Ex-Im Finds No Evidence to Change Domestic Content Rule

After reviewing its current domestic-content requirements for financing of exports, the Export-Import Bank (Ex-Im) found no evidence to show that allowing more than 15% foreign content in bank-aided exports would increase jobs in the U.S., Ex-Im said in a report to Congress obtained by WTTL. "At a time when Ex-Im has been supporting record-levels of exports with its current content policy in place, and, absent any empirical evidence that weakening the Bank's U.S. content policy would result in increased exports, the Bank has no evidence that suggests financing more foreign content would lead to in-creased jobs," the report noted. Ex-Im Bank was required to make the report to Congress under its last reauthorization charter (see **WTTL**, June 23, page 4).

> "Throughout this review, Ex-Im Bank repeatedly asked those advocating for a change in policy to provide empirical data that would demonstrate a net jobs benefit, but none was provided," the report said. "Content review participants did not provide any data to indicate whether lowering Ex-Im's content standard would result in an increase in eligible U.S. exports (without any negative effects on employment), or if the decrease would begin a 'race to the bottom' among U.S. exporters to lower their U.S. content because of a loosening of requirements," Ex-Im added.

The domestic content requirement has long been controversial, between labor unions that support the rule and U.S. industry groups that argue for a lower threshold. In the latter group, the Coalition for Employment through Exports (CEE) released its own report June 25 detailing how reducing the domestic-content level would increase competitiveness and would Ex-Im in line with other export credit agencies. At a Washington event releasing the report, CEE President John Hardy said companies don't change their products to obtain better financing. "It's not going to work the other way either," he added. The CEE report shows that the domestic content in U.S. exports declined to an estimated average of 77% in 2009, the last year reported, from 93% in 1970. "Products made in America in their entirety are increasingly rare," the report contends.

Some Lawyers Could Get Caught under Coming Brokering Rules

Revisions to the "brokering" rules in the International Traffic in Arms Regulations (ITAR), which State aims to publish by the end of summer or early fall, could require

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some lawyers to register as brokers if they do more than merely reviewing transactions and offering legal advice, according to government sources. A preview of the changes at the November meeting of State's Defense Trade Advisory Group (DTAG) indicated that the rule would exempt "activities by an attorney that do not extend beyond providing legal advice to their client" from the definition of a brokering activity that would require registration with State, but sources now say that exclusion would not apply to outside lawyers who play an active role in arranging brokering deals, drafting contracts, helping to arrange financing or working on the structure of a deal (see **WTTL**, Dec. 3, page 2).

> Suggestions that being a "transactional" attorney might lead to a requirement to register as a broker under the new rules have stirred concern among some in the legal community. One attorney questioned whether just getting paid a finder's fee for putting parties together in a deal might trigger the registration requirement.

Sources say the rules have not been published in final form and State has not yet been confronted with a case involving an attorney's role in brokering. There is an expectation that in-house attorneys would be covered by the same rules that apply to other employees of a company and would fall under the same rules that will define who is subject to the regulation and what activities constitute brokering. On the other hand, an outside counsel who "is doing more than just looking at something, but is trying to figure out how a deal should work, and writing it up, that could be covered," one source said.

Small Firms Face Hurdles to Using Trade Remedies, GAO Reports

More small and medium-size enterprises (SMEs) are not using U.S. antidumping (AD) and countervailing duty (CVD) remedies against competing imports because of the legal costs involved, the difficulty in obtaining pricing and production data, and the challenge of garnering support from enough domestic producers for a case, the Government Accountability Office (GAO) reported June 25. Trade lawyers estimated that the average legal cost for pursuing an AD or CVD case from petition through the investigation "was be-tween $1 million and $2 million, with approximately 70 to 75 percent of the cost incurred during the investigation phase," the report said (GAO-13-575).

> "One trade lawyer stated that the average cost for pursuing a case could be considerably more than $2 million, depending on the complexity of the case or whether it involves multiple countries," it added. The GAO cost estimates are about the same as found in a similar report more than 20 years ago, reflecting perhaps the pricing pressures and competition among law firms and the absence of major U.S. corporations from trade remedy fights.

"Petitioners also face an administrative burden during AD/CV duty investigations," the GAO noted. It cited requirements in International Trade Commission (ITC) questionnaires on trade, pricing, and financial data for injury determination. "According to ITC officials, the questionnaire is comprehensive and takes approximately 50 hours to complete, which may place a strain on SMEs' limited resources," it said.

"It can be difficult for prospective petitioners to garner sufficient support from other producers to demonstrate to Commerce that the petition will meet the statutory requirement of industry support," the GAO found. "According to four trade lawyers and agency

officials, it can be difficult for SMEs in an industry with numerous producers to organize themselves in order to meet the statutory requirement for industry support.," it stated. "For example, SMEs in geographically dispersed industries with numerous producers – such as aquaculture and agriculture – may need to coordinate with hundreds of domestic producers to obtain the support required for their petition," said the report provided to House Ways and Means Committee Ranking Member Sander Levin (D-Mich.).

> Self-initiation of cases by Commerce would not solve the problem, the GAO suggests. "Because self-initiation opens an investigation without a petition, it could reduce some initial costs to SMEs but could also have adverse effects, including raising questions of whether the action was taken consistent with U.S. obligations under international trade agreements," it said.

Self-initiation might reduce initial costs for petitioners but have little impact on overall costs "because most legal costs are incurred during the investigation phase,"the GAO said. In addition, it cited concerns voiced by Commerce officials that self-initiation "could be vulnerable in U.S. courts" and is limited by WTO rules for use in "special circumstances."

Froman's First Official Speech Previews President's Trip to Africa

New U.S. Trade Representative (USTR) Michael Froman steered away from trade issues in his first public speech in office June 25 and instead used the appearance to preview President Obama's trip to sub-Saharan Africa June 27 to July 2. After the speech, Froman quickly ran out the side door of the Washington Hilton ballroom, avoiding reporters with lots of open questions for the new trade official. Froman will be traveling with the president to Africa. "It's important and noteworthy that I wanted to make the first public appearance I had as USTR about development policy. In my view, and more importantly in President Obama's view, trade and investment are a key part of our development policy," Froman told the U.S. Global Leadership Coalition in Washington.

> On the trip to South Africa, Senegal and Tanzania, Obama "will outline the administration's comprehensive strategy to promote trade and investment between Africa and the United States. The East Africa Community [EAC] will be a preliminary focus of this strategy, but we will also seek to work with other regional economic communities in Africa, and ultimately to support their efforts to create a continent-wide, integrated market," Froman said.

"Under our strategy, we will work to help integrate the EAC market, move toward single border crossings, harmonized customs systems, and better border infrastructure," he added. "We will work to increase EAC competitiveness, including by providing targeted technical assistance and capacity building at the local level and will transform our trade hubs into trade and investment centers to provide information, advisory services and tools to encourage investment and two-way trade," Froman said.

The new USTR also highlighted the importance of the African Growth and Opportunity Act (AGOA), which he called "the centerpiece" of U.S. trade policy with sub-Saharan Africa. "It reflects both Congress' critical role in the formulation of U.S.-Africa trade policy, and the value we all place on strong economic relationships with our African trading partners," Froman said (see **WTTL**, March 25, page 2). "Yet we know there is

still more we can do to build on AGOA. That's why the administration committed earlier this year to intensify discussions with Congress and our trading partners, as well as U.S. and African stakeholders, on how to ensure that AGOA achieves its potential as we look to its seamless renewal before it expires in 2015," he said.

Divergent Views Aired on Compliance in WTO Gambling Dispute

The U.S. and Antigua and Barbuda expressed sharply different views of U.S. efforts to come into compliance with a World Trade Organization (WTO) ruling in their dispute over the cross-border supply of gambling and betting services at a June 25 meeting of the WTO Dispute-Settlement Body (DSB). The U.S. said it was committed to resolving the dispute, but Antigua and Barbuda said the U.S. was failing to comply with the ruling.

> A U.S. official said a negotiated resolution was the best outcome for the long-running dispute and Washington was continuing towards that end. Nonetheless, Antigua and Barbuda said the U.S. had "put forth no sincere settlement proposal…and had made no efforts whatsoever, expended no efforts, in short, had done nothing to bring this dispute to a fair and reasonable conclusion," a trade official said.

The U.S. has failed repeatedly to comply with its obligations under the WTO Dispute Settlement Understanding to provide a monthly report on its compliance and the recommendations and rules of the DSB, Antigua and Barbuda said in prepared remarks delivered by an official from St. Lucia. A WTO member cannot "wriggle" out of a long-standing and extremely deleterious violation of its international treaty obligations by retroactively re-writing the rules, the statement said.

It rejected Washington's claims that it is preventing U.S. compliance with the recommendations and rulings from the dispute by withholding consent to modify its treaty with the U.S. That belief is "disingenuous in the extreme" and would deny Antigua and Barbuda "any benefit from its lengthy and expensive journey through the dispute resolution process," it said.

The U.S. continues to "prosecute" Antiguan operators under the laws that were ruled in violation of the WTO General Agreement on Trade in Services, the prepared remarks said. The Antiguan remote gaming industry has been "virtually destroyed" while the domestic-only remote gaming in the U.S. has expanded "virtually unabated," it said.

Caution Urged in Use of Self-Classification of Export Items

Exporters that have self-classified their products to determine their jurisdiction under the U.S. Munitions List (USML) or the Commerce Control List (CCL) can't rely on those self-classifications to comply with changes to U.S. export controls, government officials warn. While the transition regulations implementing export reforms say companies can rely on Commodity Jurisdiction (CJ) decisions that State has previously issued, they can't rely on their own self-classifications, the officials warn. In many cases, exporters have used CJs for one product as the basis for self-classification of newer products, and those decisions don't have the same protection as a formal CJ, they note. "I would stress on the CJ matter that if you have an existing written CJ – you got a letter back

from us....that CJ stands," Sarah Heidema, acting policy director in State's Directorate of Defense Trade Controls (DDTC), told an American Conference Institute (ACI) conference June 25. "If you have self-classified your item using the ITAR language, that does not stand," she stated. "We want to make that crystal clear," she added.

> "We do think there will be some people who have self-classified their items ITAR and they will find that part of export control reforms, their items are now CCL, and there are some people who have classified their items as CCL that through this process will find out they are actually USML," Heidema said.

Bureau of Industry and Security (BIS) Assistant Secretary Kevin Wolf said part of the problem with self-classification has been the overly broad interpretation of CJs. "Be careful," he warned. "What I have been noticing is that a lot of people have been interpreting CJs very broadly, way beyond the scope that they really described. This rule only applies to items that are within the scope of the original commodity jurisdiction request," he told the ACI conference on ITAR controls.

If items are not listed on the revised USML entries, companies don't need to come in and ask the government to tell them that the item is no longer subject to ITAR controls, he said. "You can make the self-determination that it's not on the USML, it's not ITAR controlled," Wolf said. "If there are doubts, you can still come in," he added.

Kathleen Palma, senior counsel with GE Aviation, also cautioned that self-classification is not protected under the new rules. She noted that many companies, including hers, have Internal Commodity Jurisdiction (ICJ) units that classify new products without asking for a formal CJ from State. ICJ decisions are often based on previous CJ rulings, she noted. "You really need to think where the item falls," she advised. Whether to use CJs for one product to determine the classification of another one depends on a company's risk tolerance, Palma said.

Court Upholds Antidumping Ruling after Respondent Withdraws

Commerce was permitted to reject public record information in an administrative review when a Chinese respondent withdrew from the case and asked for all its proprietary information to be destroyed, the Court of Appeals for the Federal Circuit (CAFC) ruled June 24 in AMS Associates v. U.S. After the Chinese producer, Zibo Aifudi Plastic Packaging Co., Ltd. (Aifudi) withdrew from the review of laminated woven sacks from China, AMS, the U.S. importer, asked Commerce to use the remaining public record to determine a separate rate for its imports. Commerce refused and issued an "all others" rate for the goods. Before it withdrew from the case, Aifudi was attempting to demonstrate that it was not state controlled.

"There also was substantial evidence to support the conclusion that the public information left in the record after Aifudi withdrew did not include verifiable evidence that would be necessary to establish Aifudi's eligibility for a separate rate," wrote CAFC Judge Richard Taranto for the three-judge panel. "In these circumstances, there is no evidentiary or legal error in Commerce's decision 'to disregard the public information' that Aifudi had submitted," he said. "Even if an across-the-board disregard—even of verifiable, untainted information—might be questioned in other circumstances, here the

absence of verifiable information that would be necessary for Aifudi to carry its burden made any other Aifudi-submitted information immaterial to the point in dispute," he added. Even though Commerce was reportedly prepared to conduct a verification visit to China, Aifudi apparently withdrew from the case because it expected Commerce to reject its separate-rate request anyway and did not want certain proprietary data to remain in the record. AMS, which does business as Shapiro Packaging, pursued the case to get a lower dumping rate and a refund of some of the duties it had already deposited.

Canada Hot to Retaliate Against U.S. in COOL Dispute

Canada is preparing to initiate WTO compliance proceedings and retaliation against the U.S. over changes the U.S. made May 23 to country-of-origin labeling (COOL) rules on meat imports, Canada and Mexico indicated at a June 26 meeting of the WTO Dispute-Settlement Body (DSB). "We are extremely disappointed" with the changes, Canada and Mexico said at the meeting, according to their prepared remarks (see **WTTL**, June 3, page 7). The WTO had ruled that the previous COOL regulation violated WTO requirements and asked to the U.S. to amend it.

> Canada said it is preparing a list of products for possible retaliation and is consulting with the Canadian public on possible actions if, in the future, the DSB authorizes retaliation, the statement said. It said it is preparing to initiate compliance proceedings under Article 21.5 of the Dispute Settlement Understanding, which provides for a review of whether a government's measures to comply with a WTO ruling actually achieve that goal.

The new COOL rule "brings the U.S. into compliance with the DSB's recommendations and rulings in the dispute," a USTR official claimed at the meeting, according to prepared remarks. COOL requires meat labeling to include information about where each of the production steps occurred for covered muscle cut commodities derived from animals slaughtered in the U.S., the U.S. statement said. The regulation ensures that U.S. consumers are provided with more detailed and accurate origin information for muscle cut meats to allow them to make informed purchasing decisions, the U.S. said.

Canada and Mexico protested that the U.S. has not complied with the WTO ruling and the measures recently introduced increased the discrimination that was at the origin of the dispute. The new COOL regulation "will increase the discrimination against Canadian and Mexican cattle and hogs" in the U.S., the two U.S. neighbors said. The WTO dispute panel and Appellate Body found the previous COOL measure violated the Technical Barriers to Trade Agreement. "We strongly encourage" the U.S. to implement a legislative solution to comply with its WTO obligations to avoid both the need for continued WTO proceedings and possible retaliation from Canada, the statement said. The pending Farm Bill is "an excellent opportunity" to resolve this dispute, it said. Other mechanisms also exist, it added.

A legislative change to the discriminatory aspect of COOL would avoid further harm and job losses to Canadian, U.S. and Mexican industries, Canada and Mexico said. It would restore the integrated North American market for cattle and hogs that creates jobs, allows for economic efficiencies, and increases choice and value to consumers, they said. Meanwhile, new USTR Michael Froman discussed the COOL rules with Canadian Trade Minister Ed Fast during their first meeting in Washington June 25. Fast complained

about the rules, but Froman argued that the regulation "published on May 23 brought us into compliance," a USTR official said. Froman also raised the issue of Canadian paper subsidies and New York state concerns on wine charges. The two "reaffirmed their commitment to concluding the TPP [Trans-Pacific Partnership] this year and mapped out plans for doing so. They also discussed issues related to the U.S.-Canada bilateral trade relationship, and agreed to continue working together to create new sources of prosperity and jobs on both sides of the border," a USTR spokesperson reported.

Officials Promise Quicker Action on Transferred Export Licenses

Administration officials say they hope the transfer of items from the USML to the CCL won't result in license applications taking longer to process at the Bureau of Industry and Security (BIS) than they currently do through State's Directorate of Defense Trade Controls (DDTC). While the average time for completing all USML license applications, as posted on the DDTC website, was 18 days in May, the agency clears cases for products likely to be transferred to the CCL – mostly parts and components that have been previously approved -- in an average of 10 days, Kevin Maloney, DDTC director of licensing, told an American Conference Institute (ACI) program June 25.

> In contrast, BIS takes an average of 30 days to decide on applications. "Kevin Wolf has told me that if State takes 10-to-18 days and we take 30 days, that is not process improvement," Todd Willis, director of the BIS munitions control division, told the ACI conference on the International Traffic in Arms Regulations (ITAR). "I don't want to be a Pollyanna and say everything will be perfect...but we've done everything to make the transition smooth," Willis said.

One factor in the different review times is the need for BIS to have almost all its license applications "staffed" to other agencies for review, including State and the Pentagon's Defense Technology Security Administration (DTSA). Michael Laychak, DTSA's director of licensing, said his agency gives quick looks at licenses it reviews from DDTC and "will give the same quick review to BIS licenses."

From January to April 2013, DTSA received for review 4,916 license applications from DDTC for parts and components that are expected to be transferred to BIS, Laychak reported. Of these, 3,394 would be eligible for export under License Exception Strategic Trade Authorization (STA), he said. Laychak said his office recommended denial of none of the licenses it reviewed and recommended returning without action 30. In previous speeches, Laychak has said DTSA intends to delegate to BIS permission to act on many transferred items going into the 600 series without having to send them to DTSA for review (see **WTTL**, March 4, page 1).

While aiming to speed up license reviews for 600-series items, there may be a slowdown in BIS decisions on commodity classification requests. All commodity classification requests for items going into the 600 series will be sent to DTSA for review and some will be sent to State, the officials said. In response to a question on transferred parts and components moving from USML Category VIII to Category 9 on the CCL, the officials said those transfers only apply to uses with end items in those two categories. A transferred part that might also be used in another category would still be under ITAR until a separate transition regulation is effective for that use, Maloney explained.

Obama Emphasizes Environmental Goals in Trade Policy

No one apparently told President Obama that U.S. trade officials have been trying to negotiate free trade agreements on environmental goods and services for several years. In his June 25 speech in Washington announcing his new environmental policy, the president made those talks sound new and said he was directing his administration "to launch negotiations toward global free trade in environmental goods and services, including clean energy technology, to help more countries skip past the dirty phase of development and join a global low-carbon economy. They don't have to repeat all the same mistakes that we made."

> Obama's call for tighter controls on emissions from coal plants prompted Export-Import Bank (Ex-Im) Chairman and President Fred Hochberg to issue a statement supporting the president's goals and boasting about the bank's long-running but controversial environmental review requirements for financing exports. Ex-Im has supported two major coal plant projects in the last two years in Saudi Arabia and India and has a pending request for financing exports to a coal plant in Vietnam.

"As president of the Ex-Im Bank, I am committed to working with the Bank's board of directors to implement President Obama's new initiative to reduce greenhouse gas emissions, including his call to end public financing for most new coal-fired power plants overseas," Hochberg said. "Ex-Im Bank takes seriously its responsibility to carefully balance protec-tion of the environment with the need to support the export-related jobs of American workers. I believe America can lead the way in exporting clean energy technologies that will increase jobs in our communities while reducing carbon pollution," he said.

Unrelated to the president's announcement, the Ex-Im Board approved amendments to the bank's Environmental Procedures and Guidelines (EPG) June 27 to bring them into align with the Organization for Economic Cooperation and Development's (OECD) Common Approaches agreement on environmental issues and the Equator Principles, a global benchmark for the consideration of environmental and social issues in project financing. The board also directed the bank staff to come back in a few months with recommendations for any changes that might be needed in Ex-Im policies due to Obama's speech.

U.S. Drops Bangladesh from GSP

President Obama removed Bangladesh from eligibility for the Generalized System of Preferences (GSP) June 27, citing its failure to take steps to "afford internationally recognized worker rights to workers in the country." The president's action keeps a promise USTR Michael Froman made during his confirmation hearing to issue a decision Bangladesh's GSP status by the end of June (see **WTTL**, June 10, page 10).

Obama's decision responded to a petition the AFL-CIO filed with the USTR's office in 2007. Because GSP doesn't cover apparel trade, the largest Bangladesh export to the U.S., only $35 million of the country's $4.9 billion in exports to the U.S. are affected by the loss of GSP, limiting the impact of the suspension. "The suspension of Bangladesh's benefits doesn't signal the end of our efforts here," Froman said on a conference call with reporters. "We have spoken to the government of Bangladesh and discussed with them potential ways forward for Bangladesh. Our goal, of course, is not only to see

Bangladesh restore its eligibility for GSP benefits, but to see Bangladeshi workers in safe, appropriate work situations," he said.

> Froman said the passage of a new workers' right law that is now pending in Bangladesh would be an important step forward and something the U.S. has been talking with them about for some time. "We are also talking with them about actions they could take to enhance workers' rights and safety," he noted. Froman declined to give a timeline for when the country's GSP might be restored.

Obama's action drew praise from members of Congress and from AFL-CIO President Richard Trumka. "Since 2005, over 1800 workers have died in preventable factory fires and building collapses in the Bangladesh garment industry, including the most recent collapse of the Rana factory. Workers died because the government and industry violated safety standards to cut costs, while global apparel brands demanded production at the lowest prices in the world," Trumka said in a statement.

The USTR's office also said it has agreed to review a petition from Chevron, a major U.S. oil company involved in a long-running legal dispute with Ecuador, to strip the country of its GSP benefits because of the country's failure to comply with arbitral awards. "Today's decision by the USTR sends a message that the U.S. government takes the GSP criterion seriously and that Ecuador's behaviors have warranted a review of its suitability to remain in the GSP program," Chevron said in a statement.

In another action, Obama agreed to end the competitive need waiver on imports of tires from Indonesia. The USTR's office said it's also continuing to review 10 other petitions seeking to eliminate GSP benefits for countries accused of labor and intellectual property rights violations. Decisions granting or denying other requests for product benefits also were announced. Along with the announcement on GSP, Froman said the administration again was urging Congress to renew the GSP program, which expires July 31.

Different Predictions for Future of Export Compliance Jobs

Jobs for export compliance managers will either decrease, increase or stay the same as a result of export control reforms, industry executives disagree. One thing they agree on, however, is that the nature of export compliance work will change, as less staff will be needed to handle export license applications and more will be required to do product classifications and manage trade compliance, according to industry speakers at a June 24 program sponsored by the American Conference Institute.

> Speakers foresee a spike in their workloads over the next 18 months to two years as Commerce and State roll out rules transferring items from the U.S. Munitions List (USML) to the Commerce Control List (CCL). Depending on how many USML categories a company's products are in, this process might take even longer because the transitions will continue to take place over several years.

Kathleen Palma, senior counsel for international trade compliance for GE Aviation, showed a bell-shaped chart representing her workload over the next two years, with work increasing initially and then declining to a lower level than it is now. She said she has

14 employees working on export licenses now. "I hope we don't need 14 people in the future. If we do, I don't know what the gain was," she said.

> William Wade, a vice president with L-3 Communications, is taking a wait-and-see attitude. "I'm not sure we can make an assumption of what the requirements will be for personnel until the dust settles," he said. Wade noted that his firm exports products that are both on the USML and the CCL, so his staff already is familiar with dealing with both defense and dual-use procedures.

"If anything, if you look at all the people at Boeing in the export control arena who have received calls from headhunters lately to go to work for various companies, I would say almost unequivocally you will see more people going into this field," said Fred Shaheen, chief counsel for global trade controls at Boeing. "With the added complexity that wasn't intended, it will take decades for all that to settle out," he said.

Giovanna Cinelli, a partner with the Jones Day law firm in D.C., noting the unintended consequences of export control reforms, said the nature of the jobs for export compliance managers will change if not the workload. "Interpretation requirements will double," she said. "I see an enormous increase in personnel beyond the implementation period," Cinelli added. Firms "will not save millions of dollars in export compliance," she predicted.

Ecuador Takes Itself out of Andean Trade Preferences

Perhaps reading the handwriting on the wall that Congress isn't going to renew the Andean Trade Preferences Act (ATPA), Ecuador self-suspended itself from the program June 27, claiming it was reacting to pressure from Washington over its possible granting of asylum to Edward Snowden, who has been charged with revealing U.S. national security secrets. Although Quito hasn't made a decision on Snowden's request for asylum, it protested U.S. political pressure and the threat that it might lose its ATPA benefits if it took Snowden in. Until recently, Ecuador was still lobbying to maintain its ATPA eligibility (see **WTTL**, June 10, page 9).

> After an Ecuadorean minister announced the decision on ATPA, the Ecuador Embassy in Washington issued a statement said: "Certain political officials in the United States have sought to exert political pressure on Ecuador as we execute our sovereign duty to review this application. This interference has included threatening a trade preference program that has benefitted both of our nations for over two decades."

It said a decision on Snowden would be based on the country's legal and humanitarian obligations and not on "any political or economic consequences." "Therefore, Ecuador has made the decision to officially suspend our support for the Andean Trade Promotion and Drug Eradication Act (ATPDEA). We want to make it perfectly clear to this applicant and all asylum applicants that their human rights are not to be bargained with or subject to political pressure,' the statement said.

There already was no support in Congress for renewing ATPA, which now has Ecuador as its only beneficiary. "For many reasons I have grave misgivings about renewing the Andean Trade Preference Act for Ecuador. Ecuador has repeatedly violated its inter-

national trade commitments and continues to show a disregard for the rule of law," said Senate Finance Committee Ranking Member Orrin Hatch (R-Utah) in a statement. "I would encourage the Administration to act swiftly and accept the Ecuadorian government's request to be removed from the ATPA and Generalized System of Preferences (GSP) programs," he said.

* * * Briefs * * *

ANTIBOYCOTT: Baker Eastern, SA (Libya), controlled-in-fact subsidiary of Baker Hughes, agreed June 12 to pay civil penalty of $182,325 to BIS for 66 violations of antiboycott regulations from 2004 through 2008, including 22 cases of refusal to do business and 44 charges of furnishing information about business relationships with boycotted countries or blacklisted persons. "At this time, we have no further comment on the settlement," wrote Baker Hughes spokesperson in e-mail to WTTL. Separately, BIS issued warning letter dated May 10 but posted June 25 to Baker Hughes Eastern Hemisphere Operations Ltd (Hughes Christensen Division) (Dubai), that on two occasions, company failed to report timely to BIS receipt of request to engage in restrictive trade practice or boycott in March 2005 and February 2007.

MORE ANTIBOYCOTT: BAC Florida Bank (Coral Gables) agreed with BIS to pay civil fine of $52,380 to settle 16 charges of furnishing information about business relationships with boycotted countries or blacklisted persons. From December 2006 and April 2009, BAC included language in invoices and bills of lading to Oman, Syria, Dubai and Lebanon.

TRADE PEOPLE: David Phelps, president of American Institute for International Steel, has announced plans to retire Oct. 1, 2013, after 17 years as head of AIIS, which represents international steel firms. Earlier, he worked for 15 years for American Iron and Steel Institute.

EXPORT ENFORCEMENT: Stemcor USA, N.Y. steel trader, agreed June 20 to pay BIS civil penalty of $35,000 for attempted export of scrap steel to People's Steel Mills in Pakistan, which is on BIS Entity List, without Commerce license in February 2012. Scrap steel was designated EAR99 and worth $417,000. Stemcor neither admitted nor denied charges.

MORE EXPORT ENFORCEMENT: In addition to previous BIS settlement, Billy Powell, Sr. of Kingwood, Texas, retired president of Oil Services & Trading Inc., was sentenced June 27 in Galveston U.S. District Court to time served and $150,000 fine for violating International Emergency Economic Powers Act (IEEPA) by shipping oil and gas equipment parts to Iran via UAE without formal authorization (see **WTTL**, June 24, page 10).

MORE EXPORT ENFORCEMENT: Italy's Intesa Sanpaolo S.p.A. (Intesa) agreed to pay $2,949,030 fine in settlement with OFAC to resolve charges that it violated Cuban, Sudan and Iranian trade sanctions. OFAC said Intesa didn't voluntarily self-disclose apparent violations but violations "constituted a non-egregious case." Intesa was accused of maintaining customer relationship in 1990s with Irasco S.r.l., Italian company in Genoa, Italy, that is owned or controlled by government of Iran. "Separately, Intesa processed approximately 120 transactions to or through the United States that involved Cuba or Sudan. Intesa does not appear to have implemented or utilized special procedures or payment practices in order to process these payments to or through the United States," OFAC alleged.

COMMERCE: Vice President Biden swore in Penny Pritzker as commerce secretary June 26 following her Senate confirmation June 25 on 97-1 vote. Sen. Bernie Sanders (I-Vt.) was sole dissenter.

CRAWFISH: CIT Chief Judge Donald Pogue rejected plea of Hartford Fire Insurance Company June 27 that it should not be liable for bond it posted for imports of frozen cooked catfish from China because Customs allegedly abused its authority by accepting bond and not informing

insurer that subject imports were under investigation (slip op. 13-84). "Here Customs interpretation cannot constitute an erroneous conclusion of law and therefore cannot be the basis for an allegation of abuse of discretion. Rather, Customs correctly notes that it was in full compliance with the governing statues and regulations when it accepted the bonds," Pogue ruled.

STAINLESS STEEL PIPE: In 6-0 preliminary vote June 28, ITC determined that there is reasonable indication that U.S. industry is materially injured by dumped imports of welded stainless steel pressure pipe from Malaysia, Thailand and Vietnam.

STEEL THREADED ROD: All America Threaded Products Inc; Bay Standard Manufacturing Inc; and Vulcan Threaded Products Inc. filed 701 and 731 petitions with ITC and ITA June 27 requesting antidumping duties on imports of steel threaded rod from India and Thailand and countervailing duties on imports of steel threaded rod from India.

NORTH KOREA: Treasury took steps to close North Korea's economic links to world June 27, designating Daedong Credit Bank (DCB), DCB Finance Limited (a DCB front company) and DCB's representative Kim Chol Sam as Specially Designated Nationals (SDNs) for role in supporting North Korea's nuclear program. It also added to SDN list Son Mun San, who is external affairs bureau chief of North Korea's General Bureau of Atomic Energy, which was previously designated by U.S. and UN for role in building Pyongyang's nuclear facilities.

EXPORT PROMOTION: House Foreign Affairs Committee subcommittee on trade approved Export Promotion Reform Act (H.R. 1409) June 26. Among its provisions, measure would require Trade Promotion Coordinating Committee (TPCC) to assess and make improvements in current export promotion programs and authorize departments and agencies participating in TPCC to assign staff to TPCC.

DTRADE: DDTC's electronic licensing system will be shut down at noon on July 3 and will be unavailable for license application submission until morning of Monday, July 8 to allow agency to shift to Defense's USXport data system. "If you try to submit a license application during the maintenance period, you will receive an error message," DDTC said.