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## IEDs in Iraq Lead Authorities to Singapore Exporters

Serial numbers found on improvised explosive devices (IEDs) in Iraq in 2008 led to an investigation and the indictment of five individuals and four companies, according to a superseding indictment unsealed Oct. 25. The indictment, which was returned in D.C. U.S. District Court on Sept. 15, included charges of conspiracy to defraud the U.S., smuggling, illegal export of goods to Iran, illegal export of defense articles from the U.S., false statements and obstruction of justice. Charged in the indictment were Wong Yuh Lan, Lim Yong Nam, Lim Kow Seng, and Hia Soo Gan Benson, all citizens of Singapore, who were arrested Oct. 24 in Singapore. Also charged was Hossein Larijani, a citizen and resident of Iran, who is at large.

The companies named are Paya Electronics Complex in Iran and three firms in Singapore: Opto Electronics Pte. Ltd., NEL Electronics Pte. Ltd.; and Corezing International Pte. Ltd., which also has offices in China. Wong, Nam, Seng and Hia allegedly conspired to ship 6,000 radio frequency modules from a Minnesota company through Singapore to Iran. Seng and Hia are accused of conspiring to export military antennas from a Massachusetts firm to Singapore and Hong Kong.

The Minnesota firm was identified only as Company A in the indictment, but CBS News reported that it had confirmed it was Digi International in Minnetonka, Minn. Separately, WTTL found that the Massachusetts company, called Company B in the indictment, was Microwave Engineering Corporation. Calls to both companies for comment were not returned. The modules were dual-use items not controlled for export to Singapore, but the antennas were on the U.S. Munitions List (USML). An unnamed Microwave employee was identified in the indictment as an unindicted co-conspirator for aiding in the unlicensed exports of antennas. In coordination with this criminal case, Commerce added 15 persons located in China, Hong Kong, Iran and Singapore to its Entity List Oct. 25.

## TPP Talks Tackle Smorgasbord of Trade Issues

The ninth round of negotiations on a Trans-Pacific Partnership (TPP), held in Lima, Peru, Oct. 22-29, addressed almost every topic in trade relations in hopes of producing an outline of a deal in time for the next meeting of the Asia-Pacific Economic Cooperation Forum (APEC). The breadth of the talks suggest that a final deal isn't likely for years. "As progress continues in Lima, I believe we will remain on track to fulfill the mandate set out for us, to reach the broad outlines of an agreement by the APEC Leaders' summit in Honolulu," U.S. Trade Representative (USTR) Ron Kirk said Oct. 26. TPP negotiators began talks on financial services,



customs, the environment and labor, non-conforming measures, legal issues, intellectual property rights, competition, sanitary and phytosanitary measures, goods market access, technical barriers to trade, e-commerce, rules of origin, telecommunications, cooperation, capacity building and state-owned enterprises.

Not everyone agrees with U.S. TPP negotiating goals. Opposition to U.S. insistence on a “yarn-forward” condition to the rules of origin for textiles and apparel came from 15 House members. “We firmly believe that U.S. negotiators should adopt a fresh approach to U.S. trade policy for textiles and apparel in the TPP that includes flexible rules of origin and meaningful market access that reflects today’s global value chains,” said a bipartisan letter to Kirk Oct. 25.

Opposition to U.S. proposals on drug patents came from Doctors without Borders. “The leaked draft intellectual property proposals by the United States for the Trans-Pacific Free Trade Agreement have confirmed our fears that the Obama administration is walking away from previous efforts to ensure that developing countries can access affordable medicines, setting a dangerous new standard that will likely be replicated in future trade agreements with developing nations,” said a statement from Judit Rius Sanjuan, the group’s U.S. manager.

## **BIS Gets Advice on Revising USML Category XII**

The Bureau of Industry and Security (BIS) received advice Oct. 25 on how to draw the line between thermal imaging devices that should remain in Category XII of the U.S. Munitions List (USML) and those that should be moved to the Commerce Control List (CCL). Although BIS officials have promised that several USML-CCL switches are to be proposed by the end of the year, Category XII isn’t among those on the list for early proposals. “That’s not something we have ready for proposed comments because we’re still gathering thoughts, facts and ideas on it,” Kevin Wolf, BIS assistant secretary for export administration, told the Sensors and Instrumentation Technical Advisory Committee (SITAC) meeting Oct. 25.

Category XII covers infrared focal plane array (FPA) detectors specifically designed, modified or configured for military use and other image intensification (I2) and night sighting equipment specially designed for military applications. In a presentation to SITAC, Greg Hill, director for licensing at DRS Technologies, suggested making the category more objective. Because a multi-color FPA is more likely to be used to clear the visual clutter of a military site than a single-color FPA, that would be a clear dividing line, he advised.

For that reason, Hill suggested enumerating on the USML infrared (IR) systems that include a multi-color FPA by itself or those with a single-color FPA that include a laser target designator or that are designed for weapons mounted on a defense article; or incorporate countermeasures such as filter or other mechanism to defend against lasers, infrared or I2 blinding/disabling systems; or has been designed to specifically identify and track defense articles. He suggested modifying the Category XII section on image intensification to include I2 tubes with an auto-gated power supply, which “could be considered a countermeasure/counterclutter ability” and which are also more useful in military situations than in commercial ones.

## **Deal on Russia’s WTO Accession Close**

Talks the week of Oct. 24 in Geneva to bring Russia into the World Trade Organization (WTO) during the eighth WTO ministerial in December made progress but apparently did not resolve all outstanding issues. Georgia reportedly is ready to accept a proposal that would end its opposition to Moscow’s accession and “there are grounds for moderate optimism,” one diplomatic source told WTTL. Swiss officials have been trying to mediate the differences between Russia and Georgia, which stem from Russian support for two breakaway Georgian

provinces and questions about control over border crossings. “They are chipping away at the issues,” he added. Negotiators are now aiming for mid-November to make a final deal. “There is near unanimity that the Russian Federation’s accession should be harvested for the Eighth Ministerial,” the source said, referring to the WTO ministerial set for Dec. 15-17. He said there is strong support among members to bring Russia, which accounts for 2% of global trade, into the WTO so that WTO rules would cover more than 98% of global trade.

Georgia’s opposition is not the only issue that has to be resolved before Russia’s accession. Bilateral, pluralateral and multilateral talks are continuing on Moscow’s conformity to WTO rules on Trade-Related Investment Measures (TRIMs), geographic indications, the definition of high-quality beef, sanitary and phytosanitary rules and intellectual property rights.

Meanwhile, House Speaker John Boehner (R-Ohio) made it clear Oct. 25 why the White House faces a fight to get Congress to waive the Jackson-Vanik Amendment to grant Russia permanent-normal-trade-relations (PNTR) status. In a speech to the Heritage Foundation, Boehner criticized Russia’s human rights record and lack of democracy. He complained that the Obama administration is leaning on Georgia in Russia’s accession talks. “The Administration should resolve this stalemate in a manner that respects the territorial integrity of Georgia. Then – and only then – will movement on the WTO question be worth considering,” Boehner stated.

## **Divisions Sharpen over Future WTO Talks and Doha Round**

Just seven weeks before the WTO will hold its Eighth Ministerial Conference Dec. 15-17, talks on its agenda have been marked by “grumbling,” “discord” and concerns about possible “chaos” over ways to capture an early harvest in the Doha Round and address emerging trade issues, sources in Geneva report. At meetings Oct. 21 of the Trade Negotiations Committee (TNC) and Oct. 26-27 of the General Council, WTO members revealed continued division over what can be delivered from the round and what future negotiations should be undertaken.

At the TNC meeting, WTO Director General Pascal Lamy said several delegations were open in principle to exploring different approaches in the work ahead as long as the talks remain consistent with the Doha mandate and don’t undermine transparency, inclusiveness and the multilateral process. There was also discussion of the role the WTO could play in responding to emerging global challenges including keeping protectionism at bay.

Deputy USTR Michael Punke questioned the idea of coming up with a new negotiating agenda. Suggestions that a new work plan should be developed sound “like trying to solve a substantive problem with a process solution,” which has already been tried numerous times, he told the TNC. “I’m extremely skeptical,” Punke said. A Brazil representative told the meeting the ministerial must “tell the truth to the outside world” and “set realistic goals for the future...We must publicly acknowledge that we are not in a position to conclude all elements of the [Doha] single undertaking in the near future.” While Brazil doesn’t support setting priorities on what can be achieved at the ministerial, if there is a list, it wants agriculture to be on it, he said.

A group of least-developed countries (LDCs) are pressing for an agreement on the benefits they are seeking. Bangladesh and the LDC Group are working on two proposals. One focuses on duty-free and quota-free treatment for their exports, services waivers, cotton and rules of origin. The second proposal calls for streamlining the WTO accession process. A European Union (EU) representative said the EU supports making decisions at the ministerial on LDC issues. He said the EU thinks trade facilitation and non-tariff barriers in non-agriculture market access (NAMA) are issues that hold great benefit for developing countries.

Disagreement also remains on how new issues should be brought into the negotiations and whether the ministerial should agree on this new agenda or proposals should come through existing WTO standing committees. The EU made a clear distinction between existing issues

and a process that would lead to future talks. A EU official suggested climate change, food security, investment, competition and energy could be candidates for future talks, but should not supersede the current negotiating agenda.

## Administration Defends China Policies at House Hearing

A House Ways and Means Committee hearing Oct. 25 gave both Democrats and Republicans on the committee the opportunity to vent their anger over China's currency and trade policies, but gave no sign that House GOP leaders or Committee Chairman Dave Camp (R-Mich.) were budging in their opposition to bringing up legislation aimed at hitting China's currency manipulation. Administration witnesses, Deputy U.S. Trade Representative (USTR) Demetrios Marantis and Treasury Under Secretary Lael Brainard, fended off questions about Chinese policies on its currency, intellectual property rights (IPR), indigenous innovation and market access, and wouldn't admit the administration needs new legislation to deal with Beijing.

"Some in Congress focus on legislation to address currency manipulation as if it were a silver bullet. In doing so, they miss the many issues we have with China," Camp said in his opening statement (see **WTTL**, Oct. 17, page 3).

Marantis defended the administration's progress on issues other than currency and its enforcement actions against Chinese trade violations. "USTR continues to work intensively -- together with the Commerce Department -- to secure results focusing on IPR, indigenous innovation, investment restraints, industrial policies, and other issues," he said. On IPR protection, "China has made more substantial commitments in this area than they ever have before," he said. "Has China done everything it's promised to? No. They haven't fully implemented the 2010 JCCT commitments. And we're on them," he added.

Rep. Earl Blumenauer (D-Ore.) questioned China's eligibility to supply materials on contracts covered by Buy America legislation. "We do not have obligations towards China with respect to government procurement, and we won't until they join the government procurement agreement," Marantis stated. He said China promised in 2001 to join the WTO Government Procurement Agreement as soon as possible. "It's 10 years later, and we're still waiting for China's second revised offer which they promised by the end of the year," he said. Regarding indigenous innovation policies, Marantis said, "The good news there is that we've rolled back a lot of the real problems, and the new problem that's coming up in indigenous innovation that we really need to address this year is with respect to electric cars."

### \* \* \* Briefs \* \* \*

**EXPORT ENFORCEMENT:** Michael Edward Todd, president of The Parts Guys LLC in Port Orange, Fla., was sentenced Oct. 26 in Macon U.S. District Court to 46 months in prison, \$10,000 fine and ordered to forfeit \$160,362 for attempted export of military components for fighter jets and attack helicopters from U.S. to Iran. Todd and firm pleaded guilty May 9 to conspiracy to violate the Arms Export Control Act.

**FCPA:** Former Terra President Joel Esquenazi of Miami was sentenced to 15 years in prison Oct. 25 in Miami U.S. District Court for his role in scheme to bribe Haitian telecom officials. Former VP Carlos Rodriguez of Davie, Fla., was also sentenced to 84 months in prison for his role. Esquenazi's sentence was longest ever imposed in FCPA case (see **WTTL**, July 18, page 4).

**PIPE:** Allied Tube and Conduit, JMC Steel Group, Wheatland Tube and United States Steel Corp. filed antidumping and countervailing duty petitions at ITA and ITC Oct. 26 against circular welded carbon-quality steel pipe from India, Oman, United Arab Emirates and Vietnam.

**CAR NAVIGATION SYSTEMS:** It should be full employment for patent lawyers following filing of Section 337 complaint at ITC Oct. 21 by Beacon Navigation GmbH and Acton Treuhand AG against 47 car companies and their various subsidiaries for alleged infringement of patents on certain automotive navigation systems, components thereof and products containing same. The proposed respondents include: Audi, BMW, Chrysler, Ford, General Motors, Honda, Hyundai, Kia, Mazda, Mercedes-Benz, Nissan, Porsche, Saab, Suzuki, Jaguar, Land Rover, Toyota, Volkswagen and Volvo.