



UNITED STATES DEPARTMENT OF COMMERCE
Under Secretary for Industry and Security
Washington, D.C. 20230

OCT 31 2012

The Honorable Tim Johnson
Chairman, Committee on
Banking, Housing and Urban Affairs
United States Senate
Washington, D.C. 20510

Dear Mr. Chairman:

I hereby report to the Congress the export licensing actions taken by the Department of Commerce's Bureau of Industry and Security relating to exports of agricultural commodities to Cuba during the preceding two-year period of October 1, 2010, through September 30, 2012, as required by the Trade Sanctions Reform and Export Enhancement Act of 2000 (TSRA) (Title IX of Pub. L. 106-387). This enclosed report is required by Section 906(c) of TSRA.

Sincerely,

A handwritten signature in black ink, appearing to read "Eric L. Hirschhorn".

Eric L. Hirschhorn

Enclosure



DEPARTMENT OF COMMERCE REPORT

ACTIONS TAKEN PURSUANT TO SECTION 906(a)(1) OF THE TRADE SANCTIONS REFORM AND EXPORT ENHANCEMENT ACT OF 2000, AS AMENDED

Section 906(c) of the Trade Sanctions Reform and Export Enhancement Act of 2000 (TSRA) (Title IX of Pub. L. 106-387), as amended, requires that the appropriate federal government department or agency submit a report to the Congress, not later than two years from the date of enactment of TSRA, and every two years thereafter, on the operation of the licensing system under Section 906(a)(1) for the preceding two year period. Specifically, TSRA requires that the report include the following information: (1) the number and types of licenses applied for; (2) the number and types of licenses approved; (3) the average amount of time elapsed from the date of filing a license application until the date of its approval; (4) the extent to which the licensing procedures were effectively implemented; and (5) a description of comments received from interested parties about the extent to which the licensing procedures were effective, after the applicable department or agency holds a public 30-day comment period.

Accordingly, the Bureau of Industry and Security (BIS) within the Department of Commerce is submitting this report covering its licensing activity relating to exports of agricultural commodities under Section 906(a)(1) of TSRA to Cuba from October 1, 2010, through September 30, 2012.

To implement the TSRA requirements for exports of agricultural commodities to Cuba, the Department of Commerce created License Exception Agricultural Commodities (AGR). Under License Exception AGR, an exporter must submit notification of a proposed transaction to BIS. The exporter may proceed with the shipment once BIS confirms that no reviewing agency has raised an objection to the transaction (confirmation is generally provided within 12 business days), provided the transaction meets all of the other requirements of the License Exception. This expedited review process includes screening the ultimate recipient of the commodities to ensure that it does not promote international terrorism. Exports of medicines and medical devices to Cuba are not eligible for License Exception AGR and continue to be subject to the license application and review requirements of Section 1705(c) of the Cuban Democracy Act of 1992.

Pursuant to Section 906(c) of TSRA, BIS is submitting this report on License Exception AGR activity involving exports to Cuba for the preceding two-year period since submission of its last biennial report to the Congress, in November 2010. The data covers all License Exception AGR notifications and licensing activity for AGR-eligible commodities to Cuba from October 1, 2010, through September 30, 2012.

As illustrated in the attached chart, BIS received 219 notifications of proposed transactions pursuant to License Exception AGR during the reporting period. Of those, 206 were approved in an average of eight days. BIS returned 12 notifications without action in an average of three days due to errors and technical deficiencies or upon the request of the applicants. BIS

also converted one of these notifications into an export license application and returned this application without action in an average of six days due to errors and technical deficiencies.

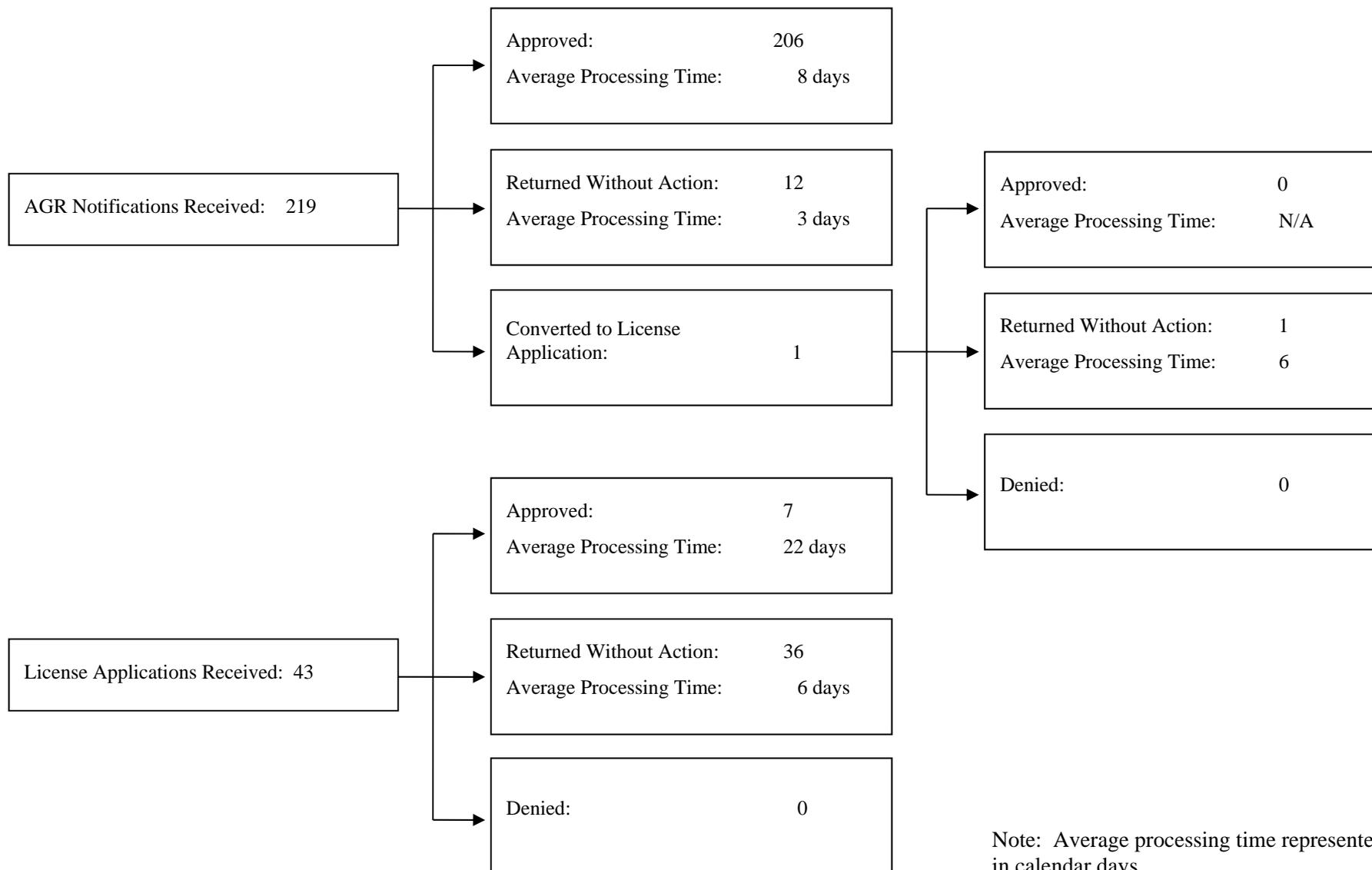
BIS also received 43 license applications for AGR-eligible items. The processing of those cases followed licensing procedures defined by Section 10 of the Export Administration Act of 1979, as amended (EAA), which is currently in lapse, and Executive Order 12981, as amended. BIS approved seven of the license applications in an average of 22 days. BIS returned the remaining 36 license applications without action in an average of six days, most of which were resubmitted as License Exception AGR notifications, allowing BIS to process them under an expedited process. No license applications for AGR-eligible items were denied from October 1, 2010, through September 30, 2012.

During the reporting period, BIS effectively implemented licensing procedures required by TSRA. The reviewing agencies adequately screened the transactions, thereby effectuating the goals of the legislation, while maintaining the ability to deny license applications to entities that promote international terrorism. Simultaneously, the AGR notifications were consistently processed within the 12 business day cycle created as part of License Exception AGR. Thus, BIS procedures are consistent with the requirements of Section 906(a)(1) of TSRA.

Based on the requirement set forth in Section 906(c)(5) of TSRA, BIS published a *Federal Register* notice (77 FR 55183) on September 7, 2012, requesting public comments on the effectiveness of its licensing procedures for the export of agricultural commodities to Cuba. BIS did not receive any comments during the 30-day comment period.

**Biennial Report to the Congress on Activities Undertaken by the Department of Commerce Pursuant to
Section 906(c) of the Trade Sanctions Reform and Export Enhancement Act of 2000**

Agricultural Commodities to Cuba
October 2010 – September 2012



Note: Average processing time represented in calendar days.