



U.S. Department of Commerce  
Bureau of Industry and Security (BIS)

Annual Report to Congress for Fiscal Year 2020



# Table of Contents

Table of Acronyms .....	iv
Statement of Secretary Ross .....	1
BIS Mission .....	2
Major Actions .....	3
Combating China's Military-Civilian Fusion (MCF) Strategy .....	3
Supporting the COVID Response .....	3
Acting against Huawei and its Affiliates .....	3
Fighting Human Rights Abuses in China .....	3
Responding to Chinese Aggression in Hong Kong .....	4
Adding to the Entity List .....	4
Controlling Emerging and Foundational Technologies .....	4
Strengthening the Foreign Direct Product Rule .....	4
Overseeing Section 232 Investigations .....	4
Transfer of Certain Firearms to Commerce Jurisdiction .....	5
Additional Activities .....	6
Section 232 Investigations and the Defense Industrial Base .....	6
Additions to the Entity List .....	7
Export License Processing .....	9
Exports under License .....	10
Commodity Classifications .....	10
Commodity Jurisdiction Determinations .....	11
Licensing and Export of Items Transferred from the USML to the CCL .....	11
Validated End-User Program .....	12
Entity List and Unverified List .....	12
Licensing Determinations .....	13
Educational and Outreach Activities .....	13
The Foreign Investment Risk Review Modernization Act (FIRRMA) of 2018 .....	14
International Regimes .....	15
Australia Group .....	15
Missile Technology Control Regime .....	16
Nuclear Suppliers Group .....	17
Wassenaar Arrangement .....	17

Treaty Compliance .....	19
Chemical Weapons Convention .....	19
Additional Protocol to the U.S.-International Atomic Energy Agency (IAEA)	
Safeguards Agreement .....	20
Biological Weapons Convention .....	20
Industry Outreach and Compliance .....	21
Seminars and Conferences .....	21
Export Compliance Program .....	23
Project Guardian .....	23
Counseling .....	23
International Cooperation .....	24
Regulatory Changes .....	25
Emerging Technologies.....	25
Emerging Technology Technical Advisory Committee .....	26
Transfers from the USML to the CCL .....	26
Entity List .....	26
Human Rights .....	27
Country Policy .....	28
Hong Kong .....	28
Cuba .....	28
Military End-Use and End-User .....	28
Russia and Yemen .....	29
Wassenaar Arrangement .....	29
Australia Group .....	30
Export Enforcement Actions .....	31
Criminal and Civil Penalties .....	31
Criminal Penalties .....	31
Administrative Penalties .....	31
Prevention and Compliance.....	32
Antiboycott Activities .....	33
Administrative Penalties .....	34
Summary of Approved License Applications to Proscribed Persons .....	35
Industrial Base Activities .....	36
Administering the Defense Priorities and Allocations System .....	36
Committee on Foreign Investment in the United States .....	36
Monitoring the Strength of the U.S. Defense Industrial and Technological Base .....	37
Software Integration in Information Network Systems and Critical Infrastructure	
Assessment .....	37

U.S. Air Force Industrial Base Sustainment and Readiness Assessment ..... 37

Offsets in Defense Trade ..... 37

Review of Security Cooperation Proposals ..... 38

National Defense Stockpile ..... 38

Supporting the U.S. Defense Industry’s International Competitiveness ..... 38

Appendix A: Summaries and Tables of Closed Export Enforcement Cases ..... 39

Appendix B: Summaries of Antiboycott Cases and Boycott Requests ..... 52

Appendix C: Fiscal Year 2020 Timeline ..... 54

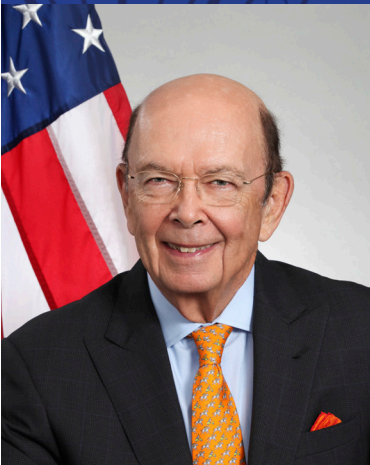


# Table of Acronyms

ACE	Automated Commercial Environment
AG	Australia Group
ANPRM	Advance Notice of Proposed Rulemaking
BIS	Bureau of Industry and Security
BWC	Biological Weapons Convention
CBP Outbound	U.S. Customs and Border Protection's Outbound Division
CCL	Commerce Control List
CFIUS	Committee on Foreign Investment in the United States
CJ	Commodity Jurisdiction
CWC	Chemical Weapons Convention
DPAS	Defense Priorities and Allocations System
EAR	Export Administration Regulations
ECCN	Export Control Classification Number
ECP	Export Compliance Program
ECRA	Export Control Reform Act of 2018
EMCD	Export Management and Compliance Division
ERC	End-User Review Committee
ETTAC	Emerging Technology Technical Advisory Committee
FIRRMA	Foreign Investment Risk Review Modernization Act of 2018
IAEA	International Atomic Energy Agency
IEEPA	International Emergency Economic Powers Act
IIM	Intersessional Implementation Meeting
ITA	International Trade Administration
ITU	Information Triage Unit
LD	Licensing Determination

MIC	National Defense Stockpile Market Impact Committee
MTCR	Missile Technology Control Regime
NATO	North Atlantic Treaty Organization
NETTEM	New and Evolving Technologies Technical Experts Meeting
NOI	Notice of Inquiry
NRC	Nuclear Regulatory Commission
NSIP	National Security Investment Program
NSG	Nuclear Suppliers Group
OAC	Office of Anti-Boycott Compliance
OC	Operating Committee
OESD	Office of Exporter Services' Outreach and Educational Services Division
OPCW	Organization for the Prohibition of Chemical Weapons
RPOC	Reinforced Points of Contact
SCC	Special Compliance Coordinator
TAC	Technical Advisory Committee
TEM	Technical Expert Meeting
TS	Technical Secretariat
UAV	Unmanned Aerial Vehicles
USML	United States Munitions List
UVL	Unverified List
VEU	Validated End-User
WMD	Weapons of Mass Destruction
WRO	Western Regional Office

# Statement of Secretary Ross



Wilbur Ross

I am pleased to present this Annual Report detailing the activities of the Department of Commerce's Bureau of Industry and Security (BIS) during Fiscal Year (FY) 2020. During FY 2020, BIS engaged in high-profile activities to promote U.S. national security and foreign policy interests. Through these activities, BIS advanced key priorities of the Administration, applying its regulatory, enforcement, and technical expertise to support a robust export control system.

BIS ensures appropriate export controls are placed on dual-use and certain military items through the Export Administration Regulations (EAR), and provides valuable input to reviews by the Committee on Foreign Investment in the United States (CFIUS) of acquisitions involving these technologies. These controls, along with U.S. participation in multilateral export control regimes and nonproliferation treaties, enable BIS to address threats to the national security and foreign policy interests of the United States while bolstering continued U.S. industrial competitiveness and innovation. These activities require active engagement with industry

and foreign partners to encourage compliance with export controls and treaty obligations. BIS effectively adapted to meet the challenges presented by the COVID-19 pandemic, continuing its outreach efforts through virtual platforms. BIS continues to effectively oversee a fair, transparent, and effective Section 232 tariff and quota exclusion request process. At the same time, BIS continued to investigate and prosecute violators of U.S. export controls, maintaining FY 2019 conviction rates despite pandemic-related impediments.

In FY 2020, BIS intensified its efforts to counter the Chinese government's military-civil fusion efforts and human rights abuses in the Xinjiang Uyghur Autonomous Region of China (XUAR). This included enhanced military end-use and end-user controls and the addition of 48 parties to the Entity List for their involvement in the morally repugnant human rights abuses and repression of Muslim minorities in the XUAR. To bolster these actions, BIS took action to alert the public of the reputational, economic, and legal risks of involvement with entities that engage in human rights abuses and expanded licensing reviews to evaluate human rights concerns for all transactions involving China. BIS also added 38 Huawei-affiliated parties to the Entity List (for a total of 153 listed Huawei entities), limiting the company's access to U.S. technology and impeding China's efforts to dominate global 5G development, which would allow its government to install backdoors into critical telecommunications platforms around the world. BIS has also increased its efforts to identify, evaluate, and control emerging and foundational technologies by working diligently with interagency and foreign partners, which also expanded the CFIUS transactions subject to foreign investment reviews. As a result, BIS has implemented export controls on 37 emerging technologies. Finally, BIS enhanced its enforcement authorities to address the changing tactics of our adversaries seeking to illicitly acquire U.S. technologies.

In sum, as described in this Annual Report, during FY 2020, BIS deployed the full range of its authorities to promote national security and foreign policy interests, mitigating risks posed by foreign adversaries and promoting U.S. leadership in strategic technologies.

A handwritten signature of Wilbur Ross in black ink.

Wilbur Ross  
Secretary of Commerce



## BIS Mission

BIS advances U.S. national security, foreign policy, and economic competitiveness by maintaining effective and adaptable export control mechanisms, ensuring treaty compliance and promoting continued U.S. leadership in strategic technologies and defense industries.

BIS administers and enforces controls on the export of: (1) dual-use items, which have chiefly commercial uses but could be used in conventional arms and/or in weapons of mass destruction, by terrorists, or to abuse human rights; and (2) certain military items that are not otherwise controlled by the Department of State under the International Traffic in Arms Regulations. The Department of Commerce controls are implemented under the Export Control Reform Act of 2018 (ECRA) through the EAR, in coordination with several other agencies. The EAR set forth license requirements and licensing policy for exports of these items, and incorporate controls on items identified on the control lists of the four major multilateral export control regimes: the Australia Group (AG) (chemical and biological nonproliferation); the Missile Technology Control Regime (MTCR); the Nuclear Suppliers Group (NSG); and the Wassenaar Arrangement (conventional arms and related goods, software, and technologies). BIS also implements unilateral controls under authorities granted by ECRA.

BIS participates in U.S. nonproliferation efforts related to the Chemical Weapons Convention (CWC), the Additional Protocol to the U.S.-International Atomic Energy Agency (IAEA) Safeguards Agreement, and the Biological Weapons Convention (BWC).

Enforcement of the EAR is an essential aspect of the BIS mission. Enforcement efforts serve to encourage compliance, prevent and deter violators, disrupt illicit activities, and bring violators to justice. BIS investigates potential violations, supports administrative and criminal prosecutions and helps evaluate the parties, end uses, and destinations of exports, reexports, and in-country transfers of sensitive commodities, software, and technology. BIS also actively enforces prohibitions related to certain foreign boycotts.

BIS carries out activities to support the U.S. defense industrial base, including by: investigating whether certain imports threaten to impair U.S. national security; conducting industry sector surveys and analyses; participating in the interagency Committee on Foreign Investment in the United States (CFIUS) process; administering the Defense Priorities and Allocations System (DPAS); co-chairing the Market Impact Committee (MIC) of the National Defense Stockpile; and providing the Department of Defense with recommendations on the proposed release of excess defense articles.

BIS consults closely with industry on the development of regulatory policy through its Technical Advisory Committees (TACs). The TACs provide valuable input on trends in technology and the likely impact of export control developments. BIS also conducts and participates in numerous outreach events throughout the United States and overseas to educate and update the public and international partners on export controls and policy.





## Major Actions

This section highlights major actions taken by BIS to address threats to U.S. national security and foreign policy.

### Combating China's Military-Civilian Fusion Strategy

Through the use of state security laws that compel companies to act at the direction of the Chinese Communist Party (CCP) and the consolidation of Chinese industry under state authority, China's military-civil fusion strategy seeks to acquire foreign technology for China's military modernization. Other countries, including Russia and Venezuela, also seek to acquire U.S. technology to further their military capabilities. This year, BIS published a number of rules aimed at impeding acquisition by China, Russia and Venezuela of sensitive U.S. technologies that could be used in the development of weapons, military aircraft, or surveillance technology through civilian supply chains, or under civilian-use pretenses, for military end uses and military end users.

### Supporting the COVID Response

In response to the unprecedented COVID-19 pandemic, BIS used its authority under the Defense Priorities and Allocations System regulation to work closely with the Departments of Defense (DOD) and Health and Human Services (HHS) in support of their efforts to increase domestic production capacity for health and medical resources needed to combat COVID-19, including Operation Warp Speed (OWS). OWS was formed by HHS and DOD to expedite the development of a vaccine for COVID-19. BIS was able to provide rating authority for contracts and orders for production and construction equipment needed for timely support of OWS and other HHS and DOD contracts for COVID-19 response.

In addition, BIS coordinated expedited interagency review of license applications for exports needed to respond to the COVID-19 pandemic, including biotechnology needed for vaccine development and screening equipment.

### Acting against Huawei and its Affiliates

BIS continued to protect U.S. national security and foreign policy interests by restricting Huawei from acquiring U.S. technology for advanced telecommunications systems. These efforts included ending the Temporary General License, adding another 38 Huawei affiliates to the Entity List, and curtailing the Chinese telecommunications company from obtaining advanced semiconductors developed or produced from U.S. software and technology.

### Fighting Human Rights Abuses in China

With the reprehensible escalation in the use of advanced technologies for human rights abuses, BIS also expanded its ability to review most license applications for human rights concerns. BIS played a key role in the U.S. Government's response to the horrific human rights abuses perpetrated by the CCP

in the repression of the Muslim minority population in the Xinjiang Uyghur Autonomous Region. BIS testified before the U.S. Commission on International Religious Freedom, added 48 China-based entities to the Entity List and, with interagency partners, issued a Xinjiang Supply Chain Business Advisory.

## **Responding to Chinese Aggression in Hong Kong**

When China undermined the autonomy of Hong Kong, BIS took action to mitigate the risk of sensitive U.S. items being illegally diverted to China, Iran, or North Korea by suspending all license exceptions affording Hong Kong differential treatment from China, consistent with Executive Order 13936, The President's Executive Order on Hong Kong Normalization.

## **Adding to the Entity List**

In addition to the entities related to Huawei and Xinjiang mentioned above, BIS added a total of 193 other parties to the Entity List (for a total of 279 entities). These included 24 companies involved in helping the Chinese military construct and militarize artificial islands in the South China Sea despite international condemnation, another 24 entities for helping advance China's military modernization program, and others for supporting Pakistan's unsafeguarded nuclear and missile programs, or their association with the Russian chemical and biological weapons programs.

## **Controlling Emerging and Foundational Technologies**

Controls were imposed on 37 emerging technologies pursuant to ECRA and in support of the President's National Strategy for Critical and Emerging Technologies, a critical roadmap to protecting our national security and ensuring the United States maintains its technological leadership in military, intelligence, and economic matters. In addition, BIS published an Advance Notice of Proposed Rulemaking (ANPRM) on foundational technologies essential to national security, requesting public comment on approaches to identifying and assessing foundational technologies.

## **Strengthening the Foreign Direct Product Rule**

BIS amended rules to further prevent Huawei's acquisition of items that are direct products of U.S. technology and software, continuing our commitment to impede Huawei's ability to engage in activities contrary to U.S. national security and foreign policy interests.

## **Overseeing Section 232 Investigations**

At the direction of Secretary Ross, BIS initiated three investigations into the effects on the national security of the imports of vanadium, mobile cranes, and laminations for stacked cores for incorporation into transformers, stacked and wound cores for incorporation into transformers, electrical transformers, and transformer regulators. These investigations were initiated under Section 232 of the Trade Expansion Act of 1962, as amended. Additionally, 2020 was the first full year under the new steel and aluminum Exclusion Request Portal, which has substantially shortened the time needed to process exclusion requests.

## Transfer of Certain Firearms to Commerce Jurisdiction

BIS published a final rule transferring jurisdiction over the export of firearms that are not inherently military to the EAR. This transfer creates a simpler, more robust system, provides for robust enforcement and reduces regulatory burden on U.S. industry. Firearms that are inherently military or that provide a critical military advantage to the United States will remain under the licensing jurisdiction of the Department of State's export control system. Firearms that are widely available in retail outlets are now subject to EAR export authorization requirements and the interagency review process that applies to Commerce licenses, and BIS monitors commercial entities involved in the export and sale of such items.



## Additional Activities

BIS protects and promotes U.S. national security and foreign policy interests through a variety of tools that implement and enforce the EAR and support the U.S. defense industrial base. BIS also engages in a range of activities to implement and ensure compliance with the CWC, the Additional Protocol to the U.S.-IAEA Safeguards Agreement, and the BWC.

The following sections detail BIS's accomplishments in furtherance of these objectives, as well as efforts to support national security by allowing U.S. firms to successfully compete in global markets.

### Section 232 Investigations and the Defense Industrial Base

In FY 2020, the Department initiated investigations into the effects on the national security of the import of vanadium, mobile cranes, and laminations for stacked cores for incorporation into transformers, stacked and wound cores for incorporation into transformers, electrical transformers, and transformer regulators and continued to administer the steel and aluminum exclusion process authorized by the President under Section 232 of the Trade Expansion Act of 1962. In FY 2020, the Administration's objective was to ensure that the United States retains a robust domestic production capability necessary to meet national security requirements.

A fair, transparent, and effective Section 232 tariff and quota exclusion request process is an important goal of the Department. In FY 2020, BIS processed approximately 108,000 requests submitted by U.S. parties for exclusion from Section 232 tariffs and quotas on steel and aluminum products. The Department's review of all exclusion requests, including objections, rebuttals, and surrebuttals, was conducted on a case-by-case basis, taking into account only information that was submitted on the public record by the parties. In making decisions on exclusion requests, BIS worked closely with industry specialists within ITA, as well as product specialists from the Department of Homeland Security's (DHS) Customs and Border Protection (CBP).

In FY 2020 BIS, in conjunction with ITA, completed the full transition of the exclusion request and review process to the 232 Exclusions Portal that was launched in 2019. The Portal streamlines the exclusion process for external parties and provides greater transparency to the public as compared to the prior system in Regulations.gov. In FY 2020, the average time from submission to posting of an exclusion request was five days, an 84% decrease from the average processing time in FY 2019. An exclusion request that received no objections received a decision within 55 calendar days on average in FY 2020, a 44% decrease compared to FY 2019. BIS continued to implement technical changes to improve user experience with the Portal (including an expansion of the internal dashboard as requested by industry users) and issued a Notice of Inquiry on May 26, 2020 to solicit additional public feedback on how to increase the Portal's utility and maximize the efficiency of the exclusions request process.

On May 11, 2020, BIS commenced a Section 232 investigation on the effect of imports of laminations for stacked cores for incorporation into transformers, stacked and wound cores for incorporation into transformers, electrical transformers, and transformer regulators on U.S. national security. The report was delivered to the President on October 16, 2020, after FY 2020.

On May 19, 2020, BIS commenced a Section 232 investigation on the effect of imports of mobile cranes on U.S. national security in response to a request filed by The Manitowoc Company Inc. On September 8, 2020, The Manitowoc Company, Inc., citing a changing economic environment due to the effects of the COVID-19 pandemic, requested that its application be withdrawn and the investigation terminated. BIS published a Federal Register notice informing the public of the Secretary's decision to terminate the investigation on December 18, 2020, after FY 2020.

On May 28, 2020, BIS commenced a Section 232 investigation on the effect of imports of vanadium on U.S. national security in response to an application filed by U.S. vanadium producers AMG Vanadium LLC and U.S. Vanadium LLC. The report is due to the President no later than February 22, 2021.

On March 4, 2019, BIS commenced a Section 232 investigation into the effects of imports of titanium sponge on the national security. This report was submitted to the President on November 29, 2019. On February 27, 2020, the President determined that imports of titanium sponge threatened to impair national security as defined in Section 232 of the Trade Expansion Act of 1962, as amended, but declined to immediately adjust imports. The President set forth measures to address this threat, including the establishment of a working group that will propose measures to ensure access to titanium sponge for national defense and critical industrial purposes in the United States. The President designated the Secretaries of both Commerce and Defense as co-leads for implementing the Titanium Sponge Working Group (TSWG). BIS serves as the designated Commerce lead. The TSWG's primary objective is to agree on measures to ensure access to titanium sponge domestically. In July 2020, BIS initiated the TSWG. The Working Group's report and recommendations are due to the President in July 2021.

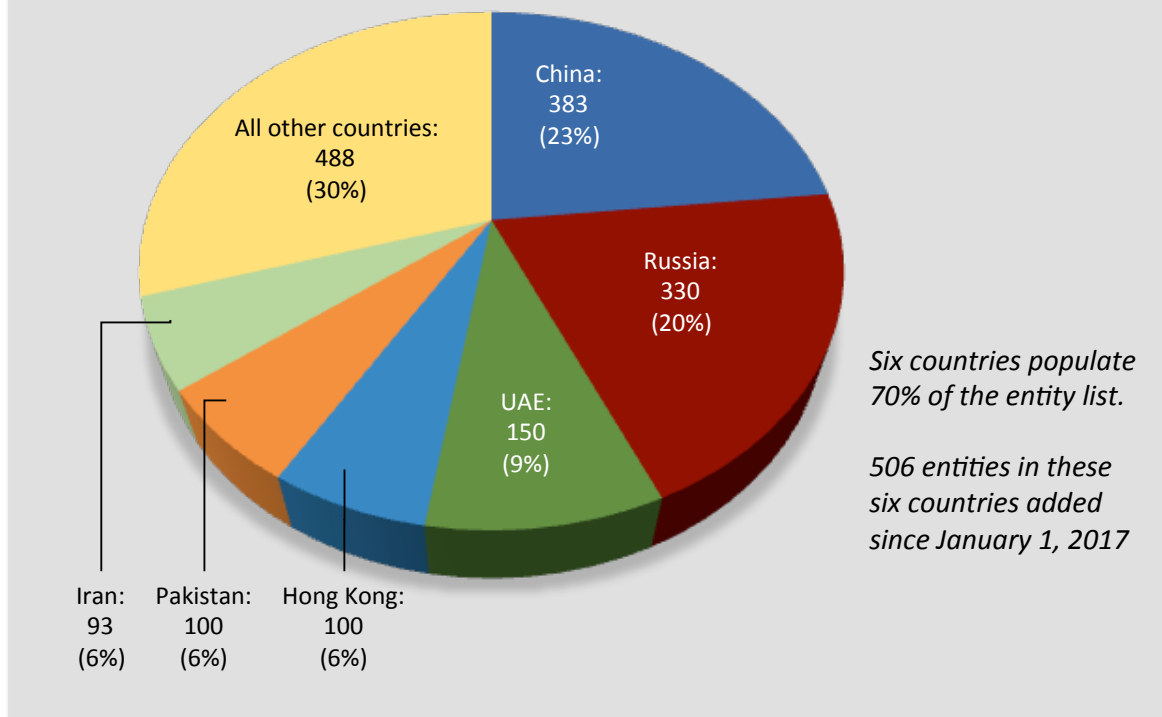
Multiple U.S. Government agencies, including the Departments of Defense, Health and Human Services and Homeland Security, as well as the National Aeronautics and Space Administration and the Intelligence Community, continue to request BIS industrial base surveys and analyses to support informed national defense and technology policy decisions.

In response to the COVID-19 pandemic, BIS provided HHS with analysis based on its 2011 study on the impact of foreign sourcing on domestic healthcare infrastructure and began discussions on carrying out an updated study.

### **Additions to the Entity List**

FY 2020 was another active year for BIS's utilization of the Entity List. The Entity List identifies foreign parties that are prohibited from receiving some or all items subject to the EAR unless the exporter, reexporter, or transferor first receives a license from BIS. The U.S. Government has determined that persons and entities on the Entity List present a significant risk of diverting U.S. items to weapons of mass destruction (WMD) programs, state sponsors of terrorism, or other activities contrary to U.S. national security or foreign policy interests. The Entity List is an important policy tool to protect U.S. national security and foreign policy interests.

## Entity List - Snapshot



In FY 2020, BIS added 279 entities to the Entity List via nine Final Rules, including adding the following entities:

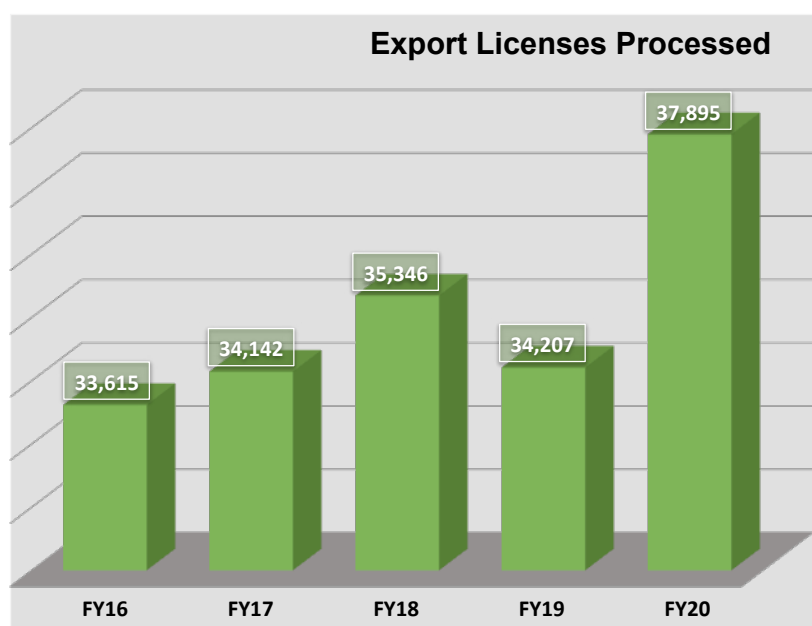
- 38 additional non-U.S. affiliates of Huawei Technologies Co., Ltd. (Huawei) for involvement in activities contrary to U.S. national security or foreign policy interests, as they present a significant risk of acting on Huawei's behalf to engage in activities contrary to U.S. national security or foreign policy interests. This brings the total number of non-U.S. affiliates of Huawei on the Entity List to 152.
- 48 Chinese governmental and commercial organizations for engaging in or enabling activities contrary to the foreign policy interests of the United States. These entities have all been implicated in the implementation of China's campaign of repression, mass arbitrary detention, forced labor and high-technology surveillance targeting Uyghurs and other predominantly Muslim ethnic minorities in the Xinjiang Uyghur Autonomous Region.
- 24 entities in China, including five subsidiaries of the China Communications Construction Company, for their role in helping the Chinese military construct and militarize the internationally-condemned artificial islands in the South China Sea, contrary to U.S. national security and foreign policy interests. These entities engaged in reclaiming land at Mischief Reef, which per a July 12, 2016 ruling by an Arbitral Tribunal convened under the 1982 Law of the Sea Convention was determined to be part of the Philippines' exclusive economic zone and continental shelf.



- 24 governmental and commercial entities in China, Hong Kong, and the Cayman Islands to include Beijing Cloudmind Technology Co., Ltd., Kunhai (Yanjiao) Innovation Research Institute, and Qihoo 360 Technology Company under the destination of China, for representing a significant risk of supporting procurement of items for military end-use in China.
- Five research institutes in Russia for their connections to the Russian military. Specifically, as stated in the rule, the ERC had reasonable cause to believe that the 33rd Scientific Research and Testing Institute is a Ministry of Defense facility associated with the Russian chemical program and chemical weapons testing range, and that State Scientific Research Institute of Organic Chemistry and Technology is a Russian Ministry of Defense facility associated with the Russian chemical weapons program. The ERC also has reasonable cause to believe that 48th Central Scientific Research Institute, Kirov; 48th Central Scientific Research Institute, Sergiev Posad; and 48th Central Scientific Research Institute, Yekaterinburg are Ministry of Defense facilities associated with the Russian biological weapons program.
- Ten Iranian individuals in two rules for their support for nuclear-related activities that are contrary to the national security and foreign policy interests of the United States. BIS also added sixty-one entities in ten different countries for diverting items to Iran in violation of the U.S. trade embargo.
- 16 entities in Pakistan that were determined to be involved in providing support to unsafe-guarded nuclear activities.
- Five entities in Lebanon and Jordan for their involvement in providing material support to chemical and biological weapons activity in Syria.

## Export License Processing

In FY 2020, BIS processed 37,895 export license applications with a total value of \$173.7 billion. This marked a 10.8% increase from the 34,207 applications processed in 2019. BIS approved 32,687 license applications (86.3%), returned 4,754 applications without action (12.5%), and denied 454 applications (1.2%). BIS's average license application processing time this year was 23 days. This included time for reviews by the Departments of Defense, Energy, and State. Of FY 2020 licenses, Export Control Classification Number (ECCN) 9A610 (military aircraft and related commodities) was the greatest number of approved applications (4,994 licenses valued at



a total of \$14.7 billion). ECCN 5A992 (information security equipment) was the dual-use ECCN with the highest total value of approved applications (\$21.2 billion involving 173 license approvals).

Through the licensing process, BIS carefully assesses each application for export or reexport, seeking recommendations and information from the Departments of Defense, Energy, State, the Intelligence Community, and other agencies as appropriate. BIS's Information Triage Unit (ITU) is responsible for assembling, analyzing, and disseminating information from all pertinent sources to inform agencies about the bona fides of foreign parties to a license application. During FY 2020, the ITU provided information relevant to 644 license applications. In addition, BIS end-use checks help ensure that exported and reexported items have been, or will be, properly used as authorized and that license conditions are implemented. These activities prevent unauthorized trade and ensure entities and persons of concern are ineligible to receive items subject to the EAR. In FY 2020, BIS completed 987 end-use checks in 37 countries. Of these, 74 were Pre-License Checks, which are conducted prior to shipment to prevent the export or reexport of sensitive items to unreliable parties, and 913 were Post-Shipment Verifications, which assist the U.S. Government in monitoring export and reexport transactions to conclusion.

## Exports under License

BIS obtains data from the Bureau of the Census (Census) on exports subject to BIS licensing requirements to evaluate the impact of controls on U.S. exports. For FY 2020, U.S. companies exported \$6.35 billion of licensed items. BIS-licensed exports represented 0.4% of total U.S. exports. Exports made under a BIS license exception totaled \$14.5 billion, representing approximately 1.0% of overall U.S. exports.

BIS continues to work with Census and CBP to improve the Automated Commercial Environment (ACE) and to increase exporter compliance with the EAR. This year, export reports through the ACE portal were made available to U.S. exporters to review their own export transactions filed in ACE.

## Commodity Classifications

If an item is subject to the EAR, exporters need to classify it for export by determining if the item is described by an ECCN on the CCL. Items that are subject to the EAR but not described on the CCL are designated "EAR99." The ECCN or EAR99 designation will help determine if a license requirement applies and, if so, the review policy that will inform the exporter of the likely outcome of a license application review. Other factors that help determine licensing requirements and review policies include the country to which the item is being exported and the end user and intended end use of the item. While the agency encourages exporters to self-classify items, exporters may submit an official classification request to BIS where there is uncertainty and, in limited instances, may be required to do so because of the nature of the item. In FY 2020, BIS processed 3,128 classification request applications, including 418 encryption requests, with an average response time of 52 days per classification request. This compares to BIS's processing of 3,258 classification request applications, including 581 encryption requests, with an average response time of 44.3 days per classification request in FY 2019.

Although BIS provides web-based assistance to exporters to self-classify items, exporters often seek official classification determinations from BIS.



## Commodity Jurisdiction Determinations

A commodity jurisdiction (CJ) request is used by exporters to determine whether an item or activity is subject to the EAR or is an article or service on the Department of State's USML. Exporters may request a CJ determination by submitting the request to the Department of State's Directorate of Defense Trade Controls, which has final jurisdiction determination authority. In FY 2020, BIS provided recommendations to the Department of State on 332 CJ requests.

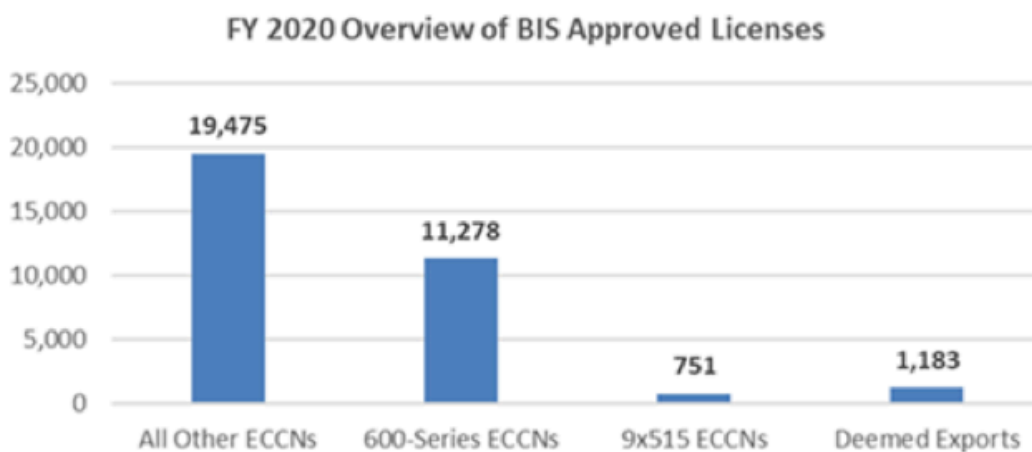
## Licensing and Export of Items Transferred from the USML to the CCL

In FY 2020, BIS processed 12,400 export license applications for exports of "600 series" items that were transferred from the USML to the CCL. Of the "600 series" license applications, BIS approved 11,278 applications (91.0%), returned 1,069 applications without action (8.6%), and denied 53 applications (0.4%).

The "600 series" items with the highest number of approved license applications included military aircraft and related commodities under ECCN 9A610 (4,994), followed by military electronics under ECCN 3A611 (2,082), military aircraft technology under ECCN 9E610 (1,285), and military gas turbine engines and related commodities under ECCN 9A619 (1,010).

This year, U.S. companies exported 111,861 shipments of "600 series" items with a value of over \$6.5 billion. The top exported "600 series" item by value was military aircraft and related commodities under ECCN 9A610, with 60,211 shipments valued at \$2.5 billion.

The top destinations for U.S. exports of "600 series" items (by value) included Japan, France and South Korea. The license designations most often used by U.S. exporters to export "600 series" items were a BIS license, License Exception Strategic Trade Authorization, and License Exception for Temporary Imports, Exports, and Reexports.



Source: Commerce U.S. Exports Exporter Support System, retrieved on October 29, 2020

Spacecraft systems and related items previously under the USML that were transferred to the CCL are classified under “9x515” ECCNs. BIS processed 851 export license applications for these spacecraft-related items. Of these, BIS approved 751 (88.2%), returned 93 without action (10.9%), and denied seven (0.8%). U.S. companies exported 3,286 shipments of “9x515” items for a total value of \$1.2 billion.

Spacecraft and related commodities classified under ECCN 9A515 were both the greatest number of “9x515” items exported, with 3,056 shipments valued at \$1.2 billion, and greatest number of approved licenses (433) in the category. The top destinations for these exports, by value, included French Guiana, France, and the United Arab Emirates. The license designations most frequently reported by exporters were a BIS license, License Exception Strategic Trade Authorization, and “No License Required” to Canada for ECCN 9A515.y items.

### Validated End-User Program

The Validated End-User (VEU) program is a program that facilitates high-technology civilian trade between the United States and VEU-eligible countries (currently China and India). Exporters’ use of Authorization VEU reduces the licensing burden on industry by allowing U.S. exporters to ship designated items to pre-approved entities under a general authorization instead of individual export licenses and allows U.S. Government review of technology roadmaps, compliance plans, and customers.

At the close of FY 2020, there were 11 VEUs in China with 46 locations, and one in India with two locations.

Since the effective date of the VEU program in June 2007, U.S. companies have made approximately 1,740 shipments totaling \$672 million worth of controlled items to the VEUs, including 288 export shipments worth approximately \$2.1 million to VEUs in FY 2020.

### Entity List and Unverified List

BIS chairs and implements the decisions of the End-User Review Committee (ERC), the interagency group consisting of representatives from the Departments of Commerce, Defense, Energy, State, and the Treasury as appropriate, administering the Entity List and deciding upon all additions to, removals from, or other modifications to the Entity List. The Entity List identifies foreign parties that are prohibited from receiving some or all items subject to the EAR unless the exporter first receives a license. Those entities present a greater risk of diversion to WMD programs, terrorism, or other activities contrary to U.S. national security or foreign policy interests. The Entity List is an important tool in preventing unauthorized trade in items subject to the EAR.

In FY 2020, BIS published nine rules that added 279 parties to the Entity List for acting contrary to the national security or foreign policy interests of the United States. As of the end of FY 2020, there are a total of over 1,500 active entries on the Entity List in 78 country locations. These entries represent end-user-based licensing requirements for non-U.S. persons, for whom the export, reexport or transfer (in-country) of specified items subject to the EAR is prohibited without a license.

**BIS added 279 Entities  
to the Entity list in FY20**

Entity List additions in FY 2020 included several entities of significance. These additions are described in the Major Actions section of this report, above.

In addition to the requirements found elsewhere in the EAR, persons listed on the Unverified List (UVL) are ineligible to receive items subject to the EAR by means of a license exception. Such persons must also sign an end-use statement and consent to an end-use check before receiving any items subject to the EAR that are not subject to a license requirement. BIS did not add any persons to the UVL in FY 2020. The UVL's requirements enhance BIS's ability to conduct end-use checks and increase U.S. Government insight into potential transactions of concern involving foreign parties whose bona fides BIS has been unable to verify.

## Licensing Determinations

Licensing determinations (LDs) establish whether a license is or was required for a given transaction and are the first step in many successful enforcement actions. In making LDs, BIS licensing officers analyze the commodities, software, and technologies involved in potential violations to determine the proper classification of the item and the licensing requirements associated with them based on the facts of the case. LDs are used to support enforcement actions by BIS and other agencies in connection with potential violations of the EAR.

In FY 2020, BIS completed 1,385 LDs for BIS's Office of Export Enforcement. In addition, BIS processed an additional 1,438 LDs for the Federal Bureau of Investigation and DHS in support of their respective investigations of potential unlawful exports.

## Educational and Outreach Activities

To provide guidance and transparency to U.S. exporters, BIS utilizes various types of outreach, including an annual policy conference, which was postponed in 2020 due to the COVID-19 pandemic. Instead, BIS offered the first ever one-day virtual BIS 2020 Conference on Export Control Policy. BIS also participated in numerous virtual industry events focused on specific issues, such as revised controls on exports to Cuba, Russia sanctions, deemed exports (i.e., the release of controlled technology to foreign nationals in the United States), export requirements for items controlled for nuclear nonproliferation reasons, and export requirements for less sensitive military items.

During FY 2020, BIS created six additional videos introducing key regulatory and process concepts to the business community. The intent behind the initiative was to enable small and new-to-export firms' access to clear and concise guidance, delivered in a viewer-friendly format, via the agency's website and YouTube channel. These videos facilitated the agency's ability to train the business community during a period of time when we could not conduct in-person training programs.

***In FY 2020, BIS training videos were viewed over 40,000 times***

The new videos cover various aspects of the Section 232 investigation process, from creating accounts, to filing objections, rebuttals and surrebuttals. In FY 2020, the videos were viewed over 40,000 times.

BIS continued to inform the regulated community about changes to regulations. These outreach activities included BIS seminars, industry group meetings and seminars, small- and medium-sized business

conferences, webinars, and meetings with foreign governments. These events occurred both in-person, then online as the year progressed. BIS also utilized web-based decision tools to assist exporters. These tools received thousands of hits over the fiscal year.

### **The Foreign Investment Risk Review Modernization Act of 2018**

CFIUS is an interagency committee that conducts national security reviews of certain transactions involving foreign investments in the United States. The International Trade Administration (ITA) and BIS play complementary roles in the Department of Commerce's reviews for CFIUS. Among other things, FIRRMA expanded the scope of CFIUS authorities, including by authorizing CFIUS to review certain transactions involving critical technologies. BIS plays an important role under FIRRMA, in particular in transactions involving non-controlling, non-passive investments in U.S. companies involved in critical technologies that require mandatory declarations. Under this program, which began as a pilot program in November 2018 and was incorporated into the final FIRRMA regulations in February 2020, BIS determines whether the underlying investment includes a U.S. business involved in a critical technology, which is defined to include, among other things, multilaterally-controlled items on the Commerce Control List, items controlled for regional stability or surreptitious listening reasons, or items identified as emerging or foundational technology. In addition, in FY 2020, BIS worked closely with other CFIUS agencies to publish a proposed and final rule that changed the mandatory declaration program for critical technologies by linking the requirement to file a declaration to a license requirement for the foreign investor under the relevant export control authority.



# International Regimes

Fulfilling BIS's mission of promoting security depends heavily upon international cooperation with our principal trading partners and other countries of strategic importance, such as major transshipment hubs. Whether seeking to control the spread of dangerous goods and technologies, protect critical infrastructures, or ensure the existence of a strong defense industrial base, international cooperation is critical. With regard to export control laws in particular, effective implementation and enforcement is greatly enhanced by both international cooperation and an effort to harmonize the substance of U.S. laws with those of our trading partners.

The U.S. Government maintains a cutting-edge export control system, developing controls that protect national security by preventing unauthorized uses of controlled items and fostering economic competitiveness. BIS works closely with international partners to share information and establish consistency in controls.

***BIS plays an important role in the U.S. Government's efforts to develop and refine the control lists and operational guidelines for the four major multilateral export control regimes: the AG; the MTCR; the NSG; and the Wassenaar Arrangement. Items controlled by these regimes make up most of the CCL.***

## Australia Group

The Australia Group (AG), formally established in 1985, is a multilateral export control regime composed of 43 member countries, including the United States and the European Union. The AG seeks to prevent the proliferation of chemical and biological weapons through the harmonization and enhancement of national export controls, sharing of information, enforcement best practices and experiences, exchanges on global proliferation activities, and outreach to non-members. The AG plenary is held annually and one intersessional implementation meeting is often held at a separate time during the year. Additionally, AG members communicate between meetings to review and refine the list of controlled chemicals, biological agents, and related equipment and technology.

The AG New and Evolving Technologies Technical Experts Meeting (NETTEM) and Intersessional Implementation Meeting (IIM) were held February 5-6, 2020 in Bratislava, Slovak Republic. In the NETTEM, new and emerging technologies that have potential implications for chemical and biological weapons were discussed. Most notably, advances in materials and construction of processing equipment, improvements in synthesis of nucleic acids and proteins, and the convergence of advanced

computing, chemistry, and biology were reviewed. The IIM addressed a number of outstanding concerns of member states directly related to current controls on fourth generation chemical agent pre-cursors (novichoks), controlled toxins and viruses, and chemical and biological production equipment and technology. The group reached consensus to add 24 novichok precursor chemicals to the AG List of Controlled Chemical Weapons Precursors, resulting in the addition of these precursors to the Commerce Control List in the Export Administration Regulations. Other regulatory changes resulting from the IIM included the addition of MERS-CoV to the List of Human and Animal Pathogens and Toxins and rigid wall, disposable bioreactor vessels to the List of Dual Use Biological Equipment.

The AG Plenary Meeting was canceled due to the COVID-19 pandemic; however, BIS continues to coordinate with AG partners virtually to maintain momentum in discussions relating to export controls on toxins, genetic elements, spraying equipment, and advances in chemical and biological technologies.

In FY 2020, BIS approved 4,629 license applications valued at \$2.6 billion for the export or reexport of items controlled for chemical and biological weapons nonproliferation reasons. BIS denied 40 applications valued at \$36.0 million and returned without action 292 applications valued at \$1.2 billion.

## Missile Technology Control Regime

The United States is a member of the Missile Technology Control Regime (MTCR), a multilateral export control regime established in 1987. The MTCR currently includes 35 member countries that have agreed to coordinate their national export controls to prevent missile proliferation.

An MTCR Plenary was held on October 7-11, 2019, in Auckland, New Zealand. Partners exchanged information on developments and trends in proliferation, including emerging technologies and regional proliferation. Membership and outreach continued to be topics of discussion. In conjunction with the Plenary, a Technical Experts Meeting (TEM), Information Exchange Meeting (IEM), and Licensing and Enforcement Experts Meeting (LEEM) were also held to exchange more detailed information on these subjects. Minor changes to the Equipment, Software, and Technology Annex were adopted by the TEM, none of which necessitated changes to the EAR at this time.

A primary topic of discussion at the Plenary and in the TEM was an updated proposal from the United States to move unmanned aerial vehicles (UAVs) that operate below a certain speed to Category II, and therefore not subject to the MTCR's strong presumption of denial that applies to Category I UAVs. The United States first tabled a white paper on this subject in Dublin in the fall of 2017, followed by a TEM proposal in 2018 and several revisions since that time, as well as several papers presented in the Plenary. The United States has been actively pursuing this change to keep pace with the expanding commercial markets for UAVs, as well as recognizing the non-WMD delivery uses of UAVs, as well as their manufacture in non-MTCR partner countries. The proposal was not adopted during the Plenary.

Due to the COVID-19 pandemic, the Reinforced Points of Contact (RPOC) meeting scheduled for April 2020 was cancelled, as were all other 2020 MTCR meetings. With no venues for further progress in the MTCR in the foreseeable future, the proposed change to the treatment of UAVs was adopted unilaterally by the United States. The President announced on July 24, 2020, that UAVs with a range of 300 km or greater, a payload capability of at least 500 kg, and a maximum true airspeed less than 800 km/hr would be treated as Category II and not subject to the MTCR's strong presumption of denial.



The change was effective immediately and executable under the current regulations, but a change to the regulations to clearly codify this change was still in the process of being finalized at the end of FY 2020.

In FY2020, BIS approved 1,055 export or reexport applications that included missile technology-controlled items, valued at \$6.6 billion. In addition, BIS denied seven applications valued at \$5.9 million and returned without action zero applications.

## **Nuclear Suppliers Group**

The Nuclear Suppliers Group (NSG) is a multilateral export control regime that was formally established in 1992 and now includes 48 participating governments. The regime seeks to impede the proliferation of nuclear weapons through the implementation of guidelines for the control of nuclear and nuclear-related exports. Members pursue the aims of the NSG through voluntary adherence to the NSG Guidelines, which are adopted either by consensus or through exchanges of information on developments of nuclear proliferation concern.

The NSG Consultative Group and Technical Experts Group (TEG) met in Vienna, Austria, November 11-14, 2019. Outreach to Industry and Academia continued to be a major topic of discussion. Belgium announced that they would hold the plenary in Brussels in June 2020 (which was later cancelled because of COVID-19). In the TEG, discussion continued on 11 open proposals from both the Trigger and Dual Use List, and the TEG chair hosted a table top exercise regarding national implementation of decontrol notes and licensing practices.

BIS approved 1,696 export or reexport applications that included items controlled for nuclear non-proliferation reasons, valued at \$5.8 billion. In addition, BIS denied 22 applications valued at \$19.3 million and returned without action 96 applications valued at \$1.7 billion.

## **Wassenaar Arrangement**

The Wassenaar Arrangement on Export Controls for Conventional Arms and Dual-Use Goods and Technologies (Wassenaar Arrangement or Wassenaar) is a multilateral regime addressing export controls on conventional arms and sensitive dual-use goods and technologies. The Wassenaar Arrangement was founded in 1996 to replace the East-West technology control program under the Coordinating Committee for Multilateral Export Controls regime that ended in 1994. There are currently 42 countries participating in the Wassenaar Arrangement. Members are required to report approvals and denials of certain items controlled under the Wassenaar Arrangement. Reporting denials helps bring to the attention of member countries attempts to obtain strategic items that may undermine the objectives of the Wassenaar Arrangement.

The Wassenaar Arrangement has striven to keep pace with advances in technology and market trends. It has continued its efforts to contribute to international and regional security and stability by promoting transparency and greater responsibility in the transfer of conventional arms and dual-use goods and technologies, thus preventing destabilizing accumulations of such goods and technologies. In FY 2020, Wassenaar members continued to cooperate to ensure the detection and denial of undesirable exports, but were unable to meet for the 2020 session on Wassenaar munitions and dual-use control

lists due to the COVID-19 pandemic. Additional progress was also made on a comprehensive and systematic review of the Wassenaar control lists to ensure their continued relevance.

In FY2020, BIS published new export controls in a number of areas, including cyber-warfare software, digital investigative tools/forensic systems, suborbital aerospace vehicles, technology for the production of substrates for high-end integrated circuits, hybrid machine tools, and computational lithography software. Existing controls were further clarified regarding ballistic protection, ball bearings, and personal area networks. Some controls were relaxed, such as for non-structural inorganic fibrous and filamentary materials. For those products, performance thresholds were updated, taking into account the rapidly evolving capabilities of civil market products.

Members updated the “Best Practices for Exports of Small Arm and Light Weapons,” last updated in 2007, updated the “Best Practices for Disposal of Surplus/Demilitarized Military Equipment,” originally adopted in 2000, and identified other existing guidelines for updating as part of a regular review cycle. Also, members reviewed the criteria used to select items for the List of Dual-Use Goods and Technologies, the Sensitive List, and the Very Sensitive List, and concluded that they remain relevant and applicable in a rapidly evolving technology and security environment. They shared experiences in licensing and enforcement practice and discussed how to strengthen export control implementation in areas such as end-user verifications, reexports, and controls on intangible transfers of technology, as well as catch-all provisions.

BIS approved 30,384 applications, valued at \$82.8 billion, for the export or reexport of items controlled for national security reasons. In addition, BIS denied 242 applications valued at \$186.5 million and returned without action 3,509 applications valued at \$7.4 billion.





## Treaty Compliance

The Department of Commerce, through BIS, serves as the lead agency for ensuring U.S. industry compliance with the Convention on the Prohibition of the Development, Production, Stockpiling, and Use of Chemical Weapons and on their Destruction (CWC), as well as the lead agency for implementation of the Additional Protocol to the U.S.-IAEA Safeguards Agreement and the International Atomic Energy Agency for the Application of Safeguards in the United States. BIS also participates in activities to strengthen international implementation of the Biological Weapons Convention (BWC).

### Chemical Weapons Convention

The United States ratified the CWC on April 25, 1997. The United States recognizes 192 States Parties to the CWC. The CWC provides for an extensive verification regime to ensure CWC States Parties' adherence to its terms. BIS works actively with the Department of State, other CWC States Parties, and the Technical Secretariat (TS) of the Organization for the Prohibition of Chemical Weapons (OPCW), the international organization charged with implementing the CWC, to ensure that all States Parties are implementing the CWC's provisions in a rigorous, analytically sound, and equitable manner.

The CWC requires many commercial chemical facilities to submit compliance data in the form of declarations that include chemical production, processing, consumption, and import/export activities, and also requires chemical traders to submit reports on exports and imports of scheduled chemicals. BIS compiles and submits this information to the U.S. National Authority (Department of State) to transmit to the TS of the OPCW.

During FY 2020, BIS collected 658 declarations and reports from 512 facilities and trading companies. Additionally, BIS's Host Teams managed the inspections at eight domestic chemical facilities that were selected for inspection by the TS of the OPCW. This number of inspections was much lower than for a normal year due to travel restrictions as a result of the COVID-19 pandemic. For those inspections that were completed, BIS successfully demonstrated compliance of the United States' chemical industry with the CWC, protected industry's confidential business information and other trade secrets, and minimized the burden imposed by the CWC.

BIS gathered requisite data and prepared the congressionally-mandated annual certification that the legitimate commercial activities and interests of the chemical, biotechnology, and pharmaceutical industry in the United States were not significantly harmed by the limitations imposed by the CWC on access to Schedule 1 chemicals. Additionally, BIS gathered and provided the requisite data to the U.S. National Authority for its annual report on the cost of inspections for both industry and the U.S. Government.

BIS supported the permanent U.S. delegation to the OPCW during meetings of the Conference of States Parties, Executive Councils, and other meetings of the policy-making and technical organs of

the OPCW in The Hague, Netherlands. After the Conference of States Parties, COVID-19 restrictions on travel precluded in-person participation, which resulted in BIS participation via virtual methods.

### **Additional Protocol to the U.S.-International Atomic Energy Agency (IAEA) Safeguards Agreement**

The Additional Protocol is a bilateral treaty between the United States and the IAEA that supplements and amends verification arrangements under the existing U.S.-IAEA Safeguards Agreement. The Additional Protocol requires the United States to provide the IAEA with information on certain civil nuclear and nuclear-related items, materials, and activities not covered by the Safeguards Agreement.

The Additional Protocol entered into force for the United States on January 6, 2009. Under Executive Order 13458, BIS is the lead agency for all subject commercial activities and locations not licensed by the Nuclear Regulatory Commission (NRC) or an NRC Agreement State and not located at certain other government sites. BIS administers the compliance program involving private sector nuclear fuel cycle activities that are not subject to the jurisdiction of the NRC. BIS receives declarations from industry, academia, the NRC, and the Department of Energy to assemble the U.S. national declaration and other reports for submission to the IAEA. All declared activities and locations were vetted by the agencies for national security concerns and reviewed by Congress. For FY 2020, BIS submitted to the IAEA the annual Additional Protocol declarations containing 272 changes and new activities, and quarterly reports to the IAEA on a total of 283 exports of nuclear equipment.

### **Biological Weapons Convention**

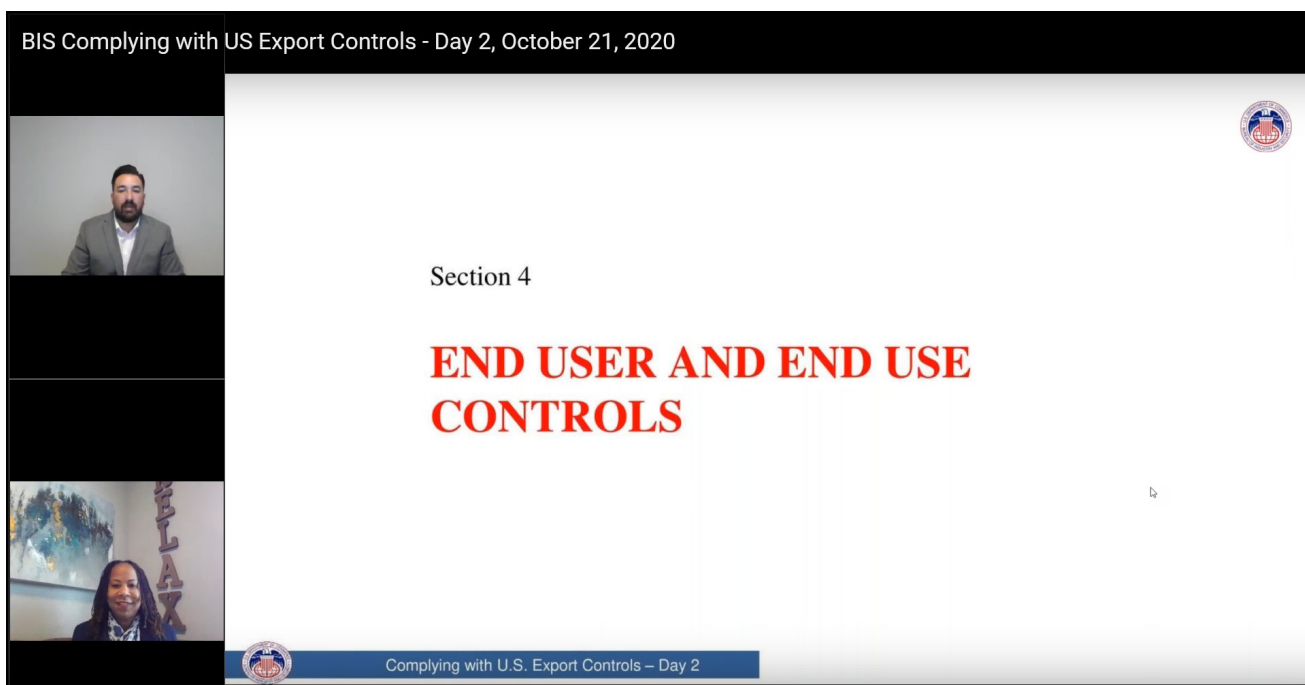
The BWC prohibits developing, producing, stockpiling, or otherwise acquiring or retaining biological agents or toxins for non-peaceful purposes. The BWC entered into force in 1975. In 2001, international efforts to develop a verification protocol for the BWC failed because the draft protocol would not have strengthened confidence in compliance with the BWC and would have restricted the potential scope of its prohibitions, removed effective barriers to proliferation, and put national security and confidential business information at risk. As written, the BWC establishes the international norm prohibiting the development, production, and stockpiling of biological weapons.

In FY 2020, BIS actively supported U.S. Government efforts, in accordance with the National Strategy for Countering Biological Threats, to improve confidence in and compliance with the BWC. BIS participated in the annual Meeting of States Parties but the Meeting of Experts did not take place in FY 2020 due to COVID-19 restrictions on travel. Nevertheless, BIS continued to bring the U.S. industry's perspective into discussions on the full range of issues pertinent to the BWC through consultations with the U.S. private sector through its Materials Technical Advisory Committee and various trade and professional associations.

# Industry Outreach and Compliance

In accordance with Section 1757 of ECRA, on September 4, 2019, the Department provided a report to Congress entitled “A Plan to Assist Small-and Medium-Sized United States Businesses with Export Licensing and Other Processes.” This report outlined both near-term and long-term initiatives, including: reexamining the agency’s mission statement to more explicitly affirm its commitment to assist small businesses; to better coordinate and leverage the range of federal resources designed to assist small businesses; and to improve techniques to better support these businesses. This initiative complements the agency’s continuing efforts to educate and inform exporters about the EAR, using a variety of outreach tools and activities described below.

## Seminars and Conferences



BIS scheduled its 33rd Annual Conference on Export Controls for June 29 - July 1, 2020. The in-person conference was postponed and BIS instead held the first BIS 2020 Virtual Conference on Export Control Policy on September 2, 2020, which was attended by over 600 registrants, including attendees from 18 foreign countries. The one-day conference provided sessions on a wide range of topics, including the implementation of ECRA, CFIUS and the implementation of the FIRRMA, export controls in academic and research environments, military end-use and end-user-based controls, and sanctions and foreign policy-based export controls. The conference also featured keynote addresses from Secretary Wilbur Ross and Acting Under Secretary Cordell Hull.

BIS's export outreach and educational offerings constitute the first line in BIS's contact with exporters and provide guidance and transparency to new, as well as experienced, exporters regarding the EAR. BIS counseling operations have been instrumental in assisting the exporting community in understanding and complying with critical national security and foreign policy-based regulations. Each year, counselors in the BIS Office of Exporter Services' Outreach and Educational Services Division (OESD) and Western Regional Office (WRO) provide regulatory, policy and process guidance to tens of thousands of exporters, forwarders, universities, and individuals assisting them in meeting their obligations under the EAR.

Additionally, BIS provides one-on-one counseling assistance on both coasts for extended periods of operation each day. Counselors also conduct numerous highly regarded seminars throughout the United States in the high-technology communities most affected by export control regulations. Over the past several years, BIS has also developed additional capabilities to offer training online. These services have been particularly useful for small- and medium-sized businesses that operate with limited compliance resources.

BIS conducted eight domestic export control seminars in five states, including three virtual events that were offered live online. These seminars attracted a total of 1,141 participants and provided guidance to new and experienced exporters regarding the EAR, including an overview of changes in export policy and licensing procedures, the requirements for developing Export Management Control Programs, complying with rules on encryption, as well as technical data issues. Of the attendees who participated in the post-event survey, 93% rated the seminars either "very good" or "excellent."

BIS participated in two major trade shows: the Shooting, Hunting, Outdoor Trade Show and Conference (SHOT SHOW 2020), and the California STEP (Science, Technology and Education Partnership) conference on commercialization of defense technologies.

During 2020, BIS participated in conferences in Italy, Belgium, and Germany. BIS had the opportunity to participate in a workshop for graduate students at the University of Turin, organized by the European Institute for Export Controls (EIFEC) in Milan, Italy. The European Commission Export Control Conference in Brussels, Belgium provided an opportunity to learn about ongoing export control developments in the EU and globally. BIS personnel also participated in two conferences in Frankfurt, the BAFA Annual conference, and the AWA U.S. Export Controls and Sanctions - Update 2020, and the Exportkontrolltag 2020 in Berlin, Germany. These conferences served to increase the awareness of U.S. export control requirements within multinational corporations in Europe.

BIS also participated in numerous industry events focused on specific issues, such as revised controls on exports to Cuba and Russia sanctions. In total, BIS employees from Export Administration offices (including but not limited to OESD and WRO) participated in more than 147 outreach activities with 15,411 attendees.

In addition, BIS continued to focus on the enforcement aspects of expanded outreach and deemed export compliance involving individuals and companies that had not previously submitted applications for export or deemed export licenses. In FY 2020, BIS's Office of Export Enforcement conducted more than 658 enforcement outreach visits to such individuals and companies within the export community. BIS also initiated 77 leads and cases involving allegations of deemed export licensing violations.



# Export Compliance Program

The BIS Office of Exporter Services' Export Management and Compliance Division (EMCD) conducted 15 Export Compliance Program (ECP) reviews of corporate written export compliance programs and conducted one seminar on how to develop an effective ECP in San Diego, California. Two additional seminars scheduled in Charleston, SC, and Boston, MA had to be postponed due to the COVID-19 virus. EMCD also participated with the Society for International Affairs and the Department of State in providing training on the elements of an effective ECP at two conferences held in Las Vegas, Nevada, and Washington, D.C.

EMCD conducted seven on-site compliance reviews and one remote review of exporters with AES filing errors. EMCD initiated these reviews to better understand the specific reasons these errors occurred, provide guidance on correcting them, find out what export compliance procedures the companies had in place, and offer export counseling assistance to enhance their compliance with the EAR. The majority of these parties were small- to medium-sized exporters who had never previously received any formal export control education.

Additionally, BIS's Office of Strategic Industries and Economic Security conducted 118 600-series compliance reviews during FY 2020.

## Project Guardian

BIS also maintains a constructive and cooperative relationship with the business community through outreach programs sponsored by BIS's Office of Export Enforcement. BIS's Project Guardian focuses on specific items that illicit proliferation networks actively seek to acquire. BIS contacts U.S. manufacturers and exporters of these items to apprise them of these acquisition threats and to solicit cooperation in identifying and responding to suspicious purchase requests. BIS initiated 75 Project Guardian leads (i.e., alerts to Special Agents about a suspicious transaction) in FY 2020.

## Counseling

BIS received more than 34,190 phone and email inquiries through its counseling programs at OESD in Washington, D.C., and 6,021 at the WRO in California. Through these programs, BIS offers guidance on regulations, policies, and practices and helps to increase compliance with U.S. export-control regulations.



## International Cooperation

BIS staff participated in bilateral discussions related to export control policy, licensing, and enforcement issues with Australia, Belgium, Canada, China, Finland, Germany, the European Union, Hong Kong, India, Israel, Italy, Japan, Latvia, Luxembourg, Malaysia, Poland, the Republic of Korea, Singapore, Thailand, Taiwan, Ukraine, the UAE, and the United Kingdom.

BIS planned, organized, and implemented a number of outreach engagements on strategic trade controls with industry and government counterparts independently and in conjunction with the Department of State's Export Control and Related Border Security program. BIS also participated in the U.S. Department of Energy's International Nonproliferation Export Control Program events in Malaysia.

During May and June 2020, BIS organized and hosted outreach engagements with in-country government counterparts in Australia, Canada, France, Germany, Japan, Korea, the Netherlands, and the U.K. to explain and discuss the three rules BIS published in the Federal Register on April 28, 2020 (i.e., a rule to eliminate License Exception CIV (Civil end-users), a rule to modify License Exception APR (Additional Permissive Reexports), and a rule to expand the military end-use/end-user control.





# Regulatory Changes

BIS published 33 regulatory notices and rules in the Federal Register during FY 2020, including the following:

## Emerging Technologies

Section 1758(e) of ECRA requires the Secretary of Commerce, in coordination with the Secretary of Defense, the Secretary of State, and the heads of other Federal agencies, as appropriate to submit a report to Congress on the results of actions taken pursuant to subsections (a), (b), and (c) of section 1758.

BIS is responsible for implementing and enforcing the EAR, which regulate the export, reexport, and transfer (in-country) of most commercial and some military items. BIS administers the EAR in consultation with other federal agencies, including the Departments of Defense and State.

In FY 2020, BIS published two additional rules on emerging technologies.

- On January 6, 2020 (85 FR 459), BIS published a unilateral control for certain software related to analysis of geospatial imagery.
- On June 17, 2020 (85 FR 36483), BIS published controls on 24 chemical weapons precursors and single-use biological cultivation chambers with rigid walls, as agreed to at the February 2020 Australia Group intersessional meeting.

BIS had submitted another six emerging technologies agreed to at the December 2019 Wassenaar Arrangement plenary meeting that were published shortly after FY 2020. In addition, as of the end of FY 2020, BIS sought to publish proposed rules related to the following technologies: quantum computing, advanced manufacturing, and pressure gain combustion engine.

Regarding foundational technologies, on August 27, 2020, (85 FR 52934) BIS published an ANPRM on foundational technology. Public comments from the ANPRM will help inform the interagency process to identify and describe foundational technologies.

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<sup>17</sup>These six forthcoming emerging technology controls cover the following technologies:

1. Hybrid additive manufacturing/computer numerically controlled tools.
2. Computational lithography software designed for the fabrication of extreme ultraviolet masks.
3. Technology for finishing wafers for 5nm production.
4. Forensics tools that circumvent authentication or authorization controls on a computer and extract raw data.
5. Software for monitoring and analysis of communications and metadata acquired from a telecommunications service provider via a handover interface.
6. Sub-orbital aircraft.

In a related action, the Department published, on April 28, 2020 (85 FR 23459), enhanced controls on certain ECCNs for military end uses or military end users under section 744.21 of the EAR, some of which may be determined to be foundational technologies.

## Emerging Technology Technical Advisory Committee

BIS convened the first meeting of the Emerging Technology Technical Advisory Committee (ETTAC) via teleconference on May 19, 2020. The ETTAC focuses on identifying emerging and foundational technologies that warrant review to assess their importance for national security, the U.S. defense industrial base, and the overall health and competitiveness of the U.S. economy. The ETTAC advises on the development of emerging and foundational technologies in foreign countries, the effect export controls may have on the development of such technologies in the United States, and the effectiveness of controls on limiting the proliferation of emerging and foundational technologies to foreign countries. ETTAC members are drawn from individuals in academia, industry, federal laboratories, and pertinent U.S. Government departments and agencies who are engaged in the development and production of cutting-edge technologies in areas key to maintaining U.S. global leadership in innovation. Efforts to identify emerging and foundational technologies by the ETTAC are complemented by leveraging the expertise of BIS's other technical advisory committees as well.

Pursuant to ECRA, BIS and its interagency partners are engaged in a process to identify emerging and foundational technologies that are essential to the national security of the United States. Foundational technologies essential to the national security are those that may warrant stricter controls if a present or potential application or capability of that technology poses a national security threat to the United States. In order to determine if technologies are foundational, BIS will evaluate specific items, including items currently subject only to anti-terrorism (AT) controls on the CCL or those designated as EAR99.

## Transfers from the USML to the CCL

On January 23, 2020, the Departments of State and Commerce completed the initial review of the U.S. Munitions List (USML) that began in 2011. BIS published the final rule of conforming changes made to the EAR to control the items not warranting control under the International Traffic in Arms Regulations (ITAR). The related proposed rule had been published on May 24, 2018, in conjunction with a Department of State proposed rule to revise Categories I (firearms, close assault weapons and combat shotguns), II (guns and armaments), and III (ammunition/ordnance) of the USML and transfer items that no longer warrant control on the USML to the Commerce Control List (CCL).

## Entity List

BIS added Huawei Technologies to the Entity List in 2019 based on indictments for evading U.S. sanctions on Iran. This move has limited the company's access to U.S. technology and software. Under Military-Civilian Fusion and the Belt and Road Initiative (BRI) policies, nominally "private" telecommunications companies like Huawei are a valuable CCP tool for influence and access.

Huawei and its affiliates currently account for 153 listed entities on the Entity List. Those entities present a greater risk of diversion to WMD programs, terrorism, or other activities contrary to U.S. national security or foreign policy interests. BIS has also imposed additional license requirements on certain foreign items based on U.S. technology or software where a listed Huawei entity is a party to the transaction or the item is made for or on behalf of a listed Huawei entity.



On August 20, 2020, BIS clarified the supplemental license requirements for parties listed on the Entity List pursuant to the ECRA. Specifically, this final rule clarified the Entity List's supplemental licensing requirements to state that these end-user controls apply to any listed entity when that entity is acting as a purchaser, intermediate or ultimate consignee, or end-user as defined in the EAR. These changes were implemented in part to prevent Huawei from circumventing U.S. export controls to produce electronic items developed or manufactured using cutting-edge U.S. technology, however, clarifying the scope of the Entity List to cover parties acting as intermediate consignees or purchasers, as well as ultimate consignees or end users, impacts all parties on the Entity List to prevent diversionary activities.

Entity List action against Huawei may have the broader effect of hampering Huawei's ambitions to pursue large-scale deployment of surveillance technologies through its "Safe Cities" projects, many of which are funded by the Chinese government through the BRI initiative. These projects position China to "export authoritarianism," equipping governments to monitor opponents and track the activities of their citizens. By adding Huawei and its subsidiaries to the Entity List, BIS has created uncertainty in Huawei's ability to roll-out telecommunications infrastructure globally, which has already impacted European governments' procurements of Huawei "kit," and will impact the PRC's malign BRI ambitions as well.

As previously discussed, in FY 2020, BIS published nine rules that added 279 parties to the Entity List for acting contrary to the national security or foreign policy interests of the United States. As of the end of FY 2020, there are over 1,500 entries on the Entity List in 78 country locations. These entries represent end-user-based licensing requirements for non-U.S. persons, for whom the export, reexport or transfer (in-country) of specified items subject to the EAR is prohibited without a license. In accordance with Section 744.11(b) of the EAR, BIS added these entities because the ERC determined they were engaging in activities contrary to U.S. national security or foreign policy interests.

## Human Rights

BIS plays an important role in attempting to prevent human rights abuses and religious persecution against members of Muslim minority groups in the Xinjiang region of China. This year, BIS has imposed export controls in numerous contexts to protect human rights around the globe, including to address the ethnic and religious repression in the Xinjiang Uyghur Autonomous Region (XUAR) in China.

The ruling CCP continues to carry out a campaign of repression in Xinjiang, targeting Uyghurs, ethnic Kazakhs, ethnic Kyrgyz, and members of other Muslim minority groups. Since at least April 2017, the government of the People's Republic of China (PRC) has detained for indefinite periods more than one million members of Muslim minority groups in internment camps designed to eradicate detainees' cultural and religious identities. In order to maintain this state of repression, the PRC government has established an unprecedented, intrusive, and high-technology surveillance system across XUAR as part of a province- and region-wide apparatus of oppression.

The EAR controls the type of items cited by the Congressional-Executive Commission on China's 2019 Annual Report as used by PRC security personnel at extrajudicial mass internment camps in XUAR. These items include: restraint devices such as handcuffs, leg irons, and shackles; riot helmets and shields; tasers and electrified batons; and pepper spray and tear gas. Additional items not cited in

the Commission's report but currently also subject to a license requirement under the EAR for Crime Control reasons include fingerprint analyzers and automatic fingerprint and identification retrieval systems; polygraph and psychological stress analysis equipment; and electronic monitoring devices and communications intercepting devices. To date, BIS has received very few license applications for exports of such items to PRC security agencies and has denied all applications received.

To ensure that the EAR's item-based controls which protect human rights reflect technological development, BIS has initiated a comprehensive, in-depth review of advanced surveillance tools, including facial recognition systems, machine learning, and biometric and artificial intelligence technologies, for possible inclusion on the Commerce Control List. In particular, on July 17, 2020, BIS published a Notice of Inquiry seeking public comments on the list of items on the EAR Commerce Control List (CCL) that are controlled for crime control and detection (CC) reasons to promote human rights throughout the world. The request for comments in this notice furthers the periodic review of items controlled for CC reasons and is intended to inform the agency's decisions in updating (including additions and removals of) items controlled for CC reasons on the CCL, as well as the related licensing requirements for such items. Comments were due September 15, 2020 and are under review.

## Country Policy

### *Hong Kong*

On July 31, 2020, BIS published a final rule suspending the use of any license exceptions for items subject to the EAR that are destined for Hong Kong as exports or reexports or as in-country transfers within Hong Kong other than those that would be available for items destined for China, thereby eliminating differential treatment of Hong Kong for licensing exception purposes. This rule was published to implement Executive Order 13936 of July 14, 2020, concerning the treatment of Hong Kong as an integral part of China.

### *Cuba*

On October 21, 2019, BIS published a final rule that established a general policy of denial for leases of aircraft to Cuban state-owned airlines; clarified that aircraft and vessels are not eligible for the License Exception Aircraft and Vessels (AVS) if they are leased to or chartered by a national of Cuba; and established a general ten percent de minimis level for Cuba. It also revised License Exception Support for the Cuban People (SCP) to make the Cuban government and communist party ineligible for certain donations, remove an authorization under this license exception for promotional items that had generally benefited the Cuban government, and clarify the scope of telecommunications items that the Cuban government may receive without a license under this license exception. This rule was published to implement the June 16, 2017, National Security Presidential Memorandum on Strengthening the Policy of the United States Toward Cuba.

### *Military End-Use and End-User*

On April 28, 2020, BIS amended the EAR to expand license requirements on exports, reexports, and transfers (in-country) of items intended for military end use or military end users in China, Russia, or Venezuela. Specifically, this rule expanded the licensing requirements for China to include "military

end users” in addition to “military end use.” BIS is leveraging this regulatory change as a measure to prevent China’s, Russia’s or Venezuela’s military, intelligence services, national police, and state-owned enterprises from acquiring items controlled at a relatively lower level, including foundational technologies, that could contribute to those countries’ military modernization. Expansion of military end use (MEU) controls as part of this rule resulted directly from law enforcement information that our adversaries were seeking dual-use items that support or contribute to the development of weapons where U.S. companies have a strategic international advantage.

This rule broadened the list of items for which the “military end user” and “military end use” licensing requirements and review policy apply and expanded the definition of “military end use.” It also specified a “regional stability” (RS)-based licensing requirement and review policy for certain items exported or reexported to China, Russia, or Venezuela and moving existing applicable regulatory text. Finally, it expanded Electronic Export Information filing requirements in the Automated Export System for exports to China, Russia, and Venezuela. The rule became effective on June 29, 2020.

### ***Russia and Yemen***

On February 24, 2020, BIS amended the EAR to revise the Country Group designations for Russia and Yemen based on national security and foreign policy concerns, including proliferation-related concerns. This action was intended to facilitate and support accountability in connection with exports and reexports of items to these destinations under the EAR and is part of a larger effort to restructure and re-align the Country Groups based on U.S. interests. As part of the rule, Yemen was moved from Country Group B to Country Group D:1, and Russia was moved from Country Groups A:2 and A:4 to Country Groups D:2 and D:4. Consistent with Russia’s new Country Group placement, new license requirements apply, including Part 744 end-use restrictions that apply to the use of items subject to the EAR in rocket systems or unmanned aerial vehicles and to certain U.S. persons’ activities. Additionally, applications for items destined for Russia that are controlled for nuclear nonproliferation (NP) reasons will be subject to a presumption of denial.

### ***Wassenaar Arrangement***

BIS published a final rule on May 23, 2019 implementing certain new controls on emerging technologies, consistent with changes made during the December 2018 WA Plenary meeting to the Wassenaar Arrangement (WA) List of Dual-Use Goods and Technologies. This rule added five recently developed or developing technologies to the CCL.

On September 11, 2020, BIS published a final rule revising the CCL to implement other changes that had been made to the WA List of Dual-Use Goods and Technologies at the December 2018 WA Plenary meeting. The September 2020 rule harmonized the CCL with the remaining decisions reached at the 2018 Plenary meeting by revising Export Control Classification Numbers (ECCNs) controlled for national security reasons in each category of the CCL, except Category 4. This rule also makes other associated changes to the EAR, as well as adjustments to license exception eligibility for national security-controlled items and revisions to reporting requirements.

### *Australia Group*

On June 17, 2020, BIS published a final rule that amended the EAR to implement the decisions made at the February 2020 Australia Group (AG) intersessional implementation meeting and those later adopted pursuant to the AG's silence procedure. The addition of 24 precursor chemicals to Export Control Classification Number (ECCN) 1C350.d and of disposable cultivation chambers to ECCN 2B352.b.2.b by this final rule was made consistent with the "emerging technologies" interagency process authorized under ECRA to identify items essential to the national security of the United States and for which effective controls may be implemented and the addition of the items to the AG's common control lists. ECCN 1C351 was also amended by adding the Middle East respiratory syndrome-related coronavirus (MERS-related coronavirus).

# Export Enforcement Actions

Across the United States and in seven embassies and consulates around the world, BIS Special Agents and intelligence analysts enforce U.S. export laws by utilizing criminal and administrative investigative tools. By leveraging BIS's authorities, as well as collaborating with other U.S. Government law enforcement and intelligence agencies and international partners, Export Enforcement identifies, disrupts, and deters violations of the EAR.

## Criminal and Civil Penalties

### Criminal Penalties

BIS investigations resulted in the criminal conviction of 36 individuals and companies for export violations. This represents the same number of convictions as FY 2019, which is higher than FYs 2015-2018. The penalties for FY 2020 convictions amounted to \$111,200 in criminal fines, \$903,062 in forfeitures, \$1,126,931 in restitution, and more than 615 months of imprisonment.



Convictions of Individuals and Companies	36
Criminal Fines	\$111,200
Forfeitures	\$903,062
Restitution	\$1,126,931
Prison Time	615 months



### Administrative Penalties

	OEE	OAC	Total
Investigations Resulting in Enforcement Actions	26	5	31
Civil Penalties	\$32,082,760	\$823,000	\$32,905,760

BIS investigations resulted in the completion of 31 administrative enforcement actions (26 export control matters and five antiboycott matters), and the imposition of a total of \$32,905,760 in civil penalties (\$32,082,760 derived from export control matters and \$823,000 derived from antiboycott matters) in FY 2020. The civil penalties were almost doubled from FY 2019.

Civil Penalties	OEE	OAC	Total
FY 2020	\$32,082,760	\$823,000	\$32,905,760
FY 2019	\$17,998,500	\$74,000	\$18,072,500

## Prevention and Compliance

BIS continued to emphasize enforcement activities that focus on prevention and compliance. Export Enforcement officials participate in the export licensing process by making recommendations on license applications, detaining shipments that may have been undertaken in violation of the EAR, and in some significant cases, seeking the issuance of Temporary Denial Orders to prevent imminent export violations.

End-use checks involving the verification of parties to an export transaction continue to serve as a valuable safeguard and preventive enforcement tool for verifying the bona fides of foreign end users. In addition, end-use checks seek to ensure the recipients of the exported items are or will be using the items as authorized and that they are adhering to license conditions.

BIS end-use checks have been effective in revealing unauthorized end uses, including improper or unauthorized diversion of items subject to BIS jurisdiction.

End-Use Chart



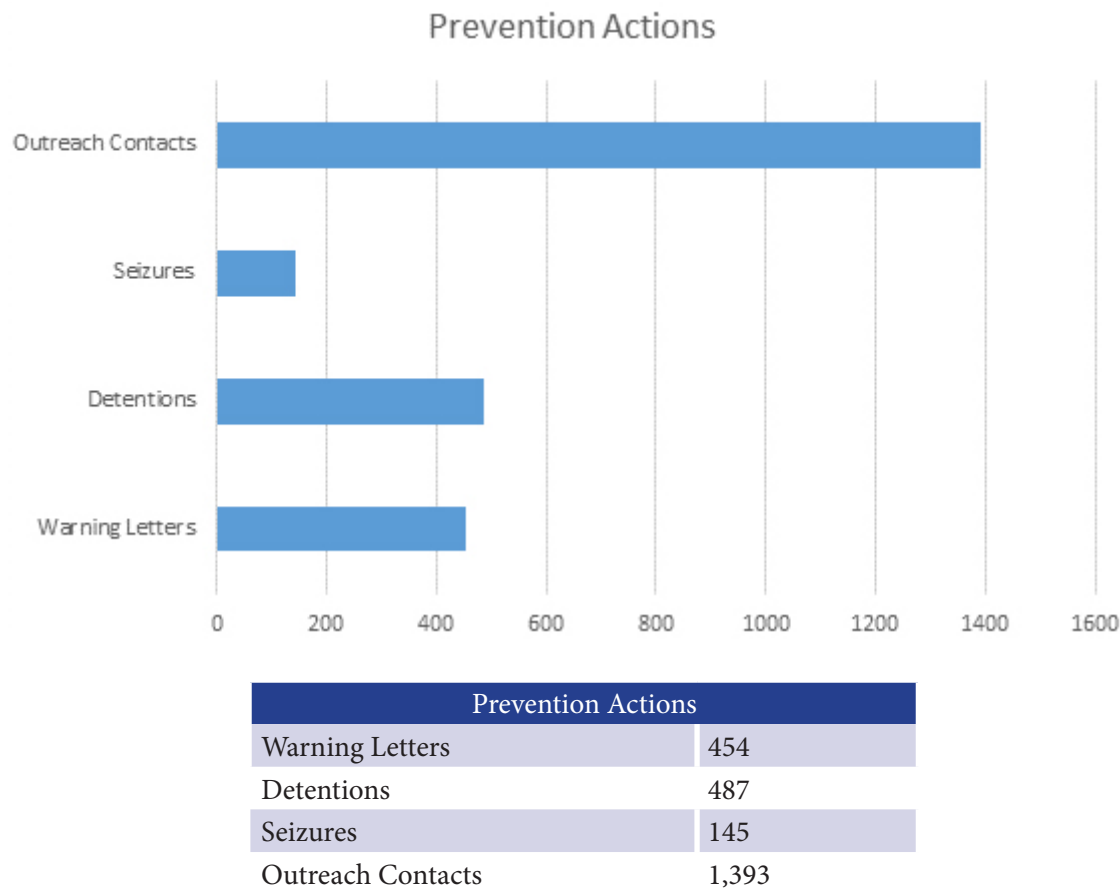
In FY 2020, BIS completed 987 end-use checks in 37 countries. Of these, 74 were Pre-License Checks, which BIS conducts prior to shipment in order to prevent the export of sensitive items to unreliable parties, and 913 were Post-Shipment Verifications, which assist the U.S. Government in monitoring export transactions to conclusion.

Approximately 82% of the checks were conducted by BIS Export Control Officers stationed at U.S. Embassies and Consulates in Beijing, Dubai, Frankfurt, Hong Kong, Istanbul, New Delhi, and Singapore. These Export Control Officers also have regional responsibilities. The remaining checks were conducted by Office of Export Enforcement Special Agents and Analysts deployed from the United States, or Foreign Commercial Service Officers at various U.S. Embassies. BIS uses the results of negative checks to prevent future exports to unsuitable end users and to take enforcement action where appropriate.

Pursuant to Section 1213 of the National Defense Authorization Act of 1998, there were no Post-Shipment Verifications conducted on high performance computers in “Computer Tier 3” eligible countries during FY 2020, as there were no licenses issued for the specified items. Tier 3 destinations, as listed in Section 740.7(d) of the EAR, are: Afghanistan, Algeria, Andorra, Angola, Armenia, Azerbaijan, Bahrain, Belarus, Bosnia & Herzegovina, Cambodia, China (People’s Republic of), Comoros, Djibouti, Egypt, Georgia, India, Iraq, Israel, Jordan, Kazakhstan, Kosovo, Kuwait, Kyrgyzstan, Laos, Lebanon, Libya, Macau, Macedonia (The Former Yugoslav Republic of), Mauritania, Moldova, Mongolia, Montenegro, Morocco, Oman, Pakistan, Qatar, Russia, Saudi Arabia, Serbia, Tajikistan, Tunisia, Turkmenistan, Ukraine, United Arab Emirates, Uzbekistan, Vanuatu, Vietnam, and Yemen.



In situations where an end-use check indicates a diversion of U.S.-origin goods has or may have occurred, or the U.S. Government was unable to conduct the check or was otherwise unable to verify the existence or authenticity of the end user, BIS will take action to mitigate such concerns, including license denials, Entity List or UVL designations, or investigative referrals. Thirty Three percent of BIS end-use checks resulted in such follow-up actions.



BIS completed a significant number of additional preventive enforcement actions in FY 2020, including the issuance of 454 warning letters, 487 detentions, and 145 seizures. Two Temporary Denial Orders (TDOs) were imposed and two existing TDOs were renewed. In FY 2020, BIS issued ten Denial Orders and one amended order against parties convicted under certain Federal statutes following their criminal convictions and made 1,393 outreach contacts with industry.

**Antiboycott Activities**

The United States Government continues to oppose actions by U.S. persons in support of foreign boycotts of countries friendly to the United States. The Anti-Boycott Act of 2018, a subpart of the ECRA, encourages, and in specified cases requires, U.S. persons to refuse to participate in foreign boycotts that the U.S. does not sanction. BIS, through its Office of Antiboycott Compliance (OAC), takes enforcement action against U.S. persons who violate the antiboycott provisions set forth in part 760 of the EAR.

During FY 2020, five companies agreed to pay civil penalties totaling \$823,000 to settle allegations that they violated the antiboycott provisions of the EAR, as compared to three companies that agreed to pay civil penalties totaling \$74,000 in FY 2019 in connection with violations of those provisions. This included OAC imposing the highest civil penalty (\$700,000, Kuwait Airways Corporation) assessed in OAC's recent history.

### Administrative Penalties

	FY 2019	FY 2020
Investigations Resulting in Enforcement Actions	3	5
Civil Penalties	\$74,000	\$823,000

During FY 2020, BIS responded to 836 requests from U.S. companies for guidance on compliance with the antiboycott provisions of the EAR. Through its Advice Line, BIS provided extensive same-day counseling to individual companies, both large and small, with boycott-specific concerns, including the removal of boycott-related language from letters of credit, tenders, and contracts originating in boycotting countries. In addition, through presentations at banking and international trade conferences, BIS reached out to exporters, manufacturers, freight forwarders, bankers, and attorneys involved in international trade.

Data compiled by OAC indicate that the number of prohibited requests received by U.S. firms declined in FY 2020, compared to FY 2019. Reports of prohibited requests received from the UAE decreased significantly from 81 in FY 2019 to 42 in FY 2020, while the number from Iraq decreased only slightly from 45 in FY 2019 to 43 in FY 2020. Several of the prohibited requests from Iraq reported to OAC were contained in boycott-related requirements in documentation from the medical and pharmaceutical sectors, appearing in invitations to bid from the Iraqi Ministry of Health requesting information about a firm's business relationship with Israel.

For additional information related to significant BIS enforcement activities, see Appendices A and B.





## Summary of Approved License Applications to Proscribed Persons

In FY 2020, BIS approved 32,687 license applications. Of those approved licenses, 459 applications were flagged for potential matches to entities on the Consolidated Screening List, which includes restricted persons on a variety of lists maintained by the Departments of Commerce, State, and the Treasury.

In FY 2020, 308 licenses were approved that contained parties verified as matches to persons listed on the Consolidated Screening List. For FY 2020, this accounts for 0.94% of all approved licenses. As of September 30, 2020, 23 licenses (7.5%) of these 308 licenses approved for proscribed entities had been exported against, while the other 285 licenses have not been shipped against.

# Industrial Base Activities

BIS's mission includes supporting continued U.S. technology leadership in industries that are essential to U.S. national security.

In addition to the Section 232 investigations and related actions described above, BIS engaged in the following activities related to the defense industrial base.

## Administering the Defense Priorities and Allocations System (DPAS)

BIS's administration of the DPAS plays an important role in supporting the deployment of U.S. and Allied forces abroad, to meet critical national defense and homeland security requirements, and facilitate recovery from natural disasters. The U.S. Government places DPAS priority ratings on approximately 300,000 contracts and orders annually to support these requirements. BIS participates in interagency discussions with the Departments of Agriculture, Defense, Energy, Health and Human Services, Homeland Security, and Transportation on standards and procedures for prioritizing contracts and orders.

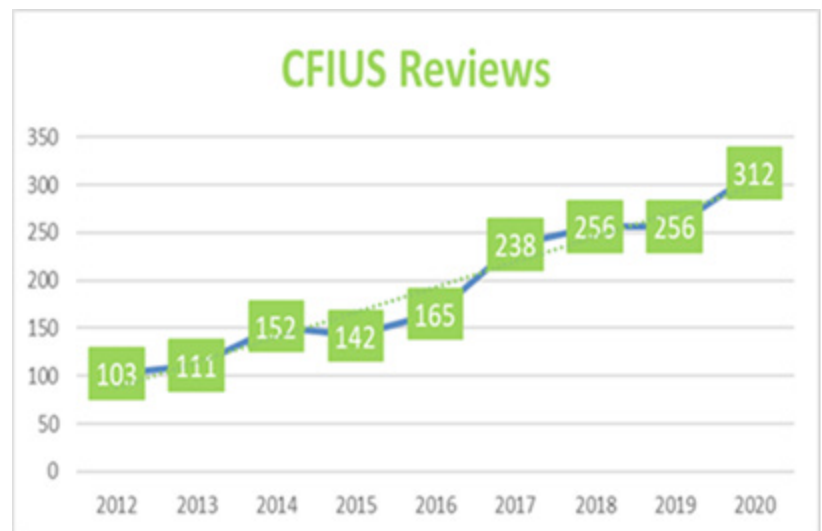
In FY2020, many of these discussions focused on the use of the Defense Production Act's (DPA) Title I priorities and allocations authority related to the response to COVID-19. BIS contributed to the interagency discussions and undertook 20 official actions authorizing certain entities to use the DPAS to place priority ratings on contracts in support of national security programs, seven of which were directly related to COVID-19 response.

## Committee on Foreign Investment in the United States

BIS participates in the CFIUS by evaluating national security equities in transactions that could result in foreign control of a U.S. business. BIS worked closely with ITA and interagency CFIUS partners to review 312 CFIUS filings and declarations to determine the effects of those transactions on the national security of the United States.

## Monitoring the Strength of the U.S. Defense Industrial and Technological Base

BIS conducted the following industrial



base survey and assessment activities:

### ***Software Integration in Information Network Systems and Critical Infrastructure Assessment***

BIS deployed a comprehensive survey to more than 500 members of the Information and Communications Technology (ICT) industry to support an assessment of the types of select security-related hardware and software products developed, manufactured, or marketed for use in information network devices and systems. The principal objective of this effort is to gain a comprehensive understanding of the domestic information, communication and technology supply chain's use of select software in private, public, and federal information network systems. The survey covers a range of topics, such as technology sharing, network devices incorporating software, software design and manufacturing, and related supply chain issues. The resulting aggregate data and subsequent analysis will allow industry representatives and government officials to monitor trends, benchmark industry performance, and raise awareness of potential issues of concern surrounding use of select software.

### ***U.S. Air Force Industrial Base Sustainment and Readiness Assessment***

BIS deployed a survey to over 1,500 companies on behalf of the U.S. Air Force. This survey and assessment will evaluate the overall health and competitiveness of the Air Force's supply chain (AFSC) network. The survey deployment is the first wave of a comprehensive, multi-year effort, including U.S. Air Force facilities at Hill, Warner Robins, Tinker, and Wright-Patterson Air Force bases, to gather industrial data from prime contractors, subcontractors, and lower tier organizations affiliated with the sustainment and readiness of U.S. Air Force systems (aircraft, aircraft engines, inter-continental ballistic missiles, communication systems, space systems, subsystems, and parts/components thereof). The resulting data will be used to assess the health and competitiveness of the AFSC network, ensure U.S. Government visibility into the organizations supporting Air Force systems, and address supply chain deficiencies, manufacturing capability, surge responsiveness, foreign sourcing and dependencies, financial performance, strategic and specialty materials, workforce issues, and research and development, among others.

### **Offsets in Defense Trade**

BIS completed its 24th congressionally mandated report on the impact of offsets in defense trade and transmitted it to Congress in July 2020. In addition, the implementation of the Conventional Arms Transfer Policy, which was signed in April 2018, established an Interagency Working Group on Offsets, which is co-chaired by BIS and the Department of State. The Working Group was established to coordinate U.S. Government policy discussions on offset-related issues and is the primary liaison with industry. During FY 2020, the Working Group met several times, including five times with industry, to identify the most pressing offset issues facing U.S. companies.

### **Review of Security Cooperation Proposals**

BIS reviewed 64 proposed transfers of excess defense equipment to foreign governments through the Department of Defense's Excess Defense Articles program and provided the Department of Defense with determinations whether these transfers would interfere with the ongoing sales or marketing activities of U.S. industry. As part of its review, BIS contacts original equipment manufacturers and suppliers of similar products to assess whether proposed transfers would have an adverse impact on their operations. BIS reviewed 45 proposed international armament cooperative agreements and provided the Department of Defense with comments on these agreements' commercial implications and potential effects on the international competitive position of the U.S. defense industrial and technological bases.

### **National Defense Stockpile**

BIS continued to co-chair the interagency National Defense Stockpile Market Impact Committee (MIC) with the Department of State's Bureau of Energy Resources. The MIC advises the Defense Logistics Agency regarding proposed plans to sell portions of the material in the stockpile and proposed plans to acquire new material. The advice relates to avoiding undue market disruptions during the sale or acquisition of such materials.

### **Supporting the U.S. Defense Industry's International Competitiveness**

BIS also continued to administer the Department's North Atlantic Treaty Organization (NATO) Security Investment Program (NSIP), a certification requirement for U.S. companies interested in competing to supply goods and services in NSIP-funded procurements. BIS vetted and approved 343 U.S. firms that were interested in participating in NATO procurement competitions.

# Appendix A

## Summaries and Tables of Closed Export Enforcement Cases

**Table 1**  
Criminal Convictions during FY 2020

Sentencing Date	Defendant	Criminal Charges	Criminal Sanctions	Case Details
10/03/19	William Vanmanen	One count of attempt to violate the Arms Export Control Act in violation of 22 USC 2778; one count of failure to file export information in violation of 13 USC 305; and one count of fraud involving aircraft parts in interstate commerce in violation of 18 USC 38	30 months in prison; two years of supervised release; and a \$300 special assessment	Export of aircraft parts to Hong Kong
10/10/19	Conery Morse	One count of conspiracy to transport stolen goods in violation of 18 USC 371	Two years of probation; six month of home detention; a \$1,000 criminal fine; \$1,219.95 in restitution jointly with James Falk; and a \$100 special assessment	Export of stolen goods to Russia and Georgia
10/18/19	John Shannon	One count of wire fraud in violation of 18 USC 1343 and 2	12 months plus one day in prison; three years of supervised release; a \$179,420 forfeiture and restitution; and a \$100 special assessment	Wire fraud related to the sale of tires to the United Arab Emirates
10/23/19	Behrooz Behroozian	One count of violating the International Emergency Economic Powers Act in violation of 50 USC 1705	20 months in prison; two years of supervised release; and a \$100 special assessment	Export of an industrial valve to Iran
11/13/19	Behzad Pourghannad	One count conspiracy to violate the International Emergency Economic Powers Act in violation of 50 USC 1705	20 months in prison and a \$100 special assessment	Export of carbon fiber to Iran

Sentencing Date	Defendant	Criminal Charges	Criminal Sanctions	Case Details
11/21/19	John Kaste	One count of misprision of a felony in violation of 18 USC 4	Two years of probation; \$4,750 in restitution; and a \$100 special assessment	Filing a false auto-theft loss claim when a vehicle was exported to China
12/02/19	Glen Viau	One count of misdemeanor conveyance of government money, property or records to the Defendant's use or to the use of others without authority in violation of 18 USC 641	Time served in prison; a \$25,000 criminal fine, and a \$25 special assessment	Transfer of U.S. Navy technical data to China
12/04/19	Steven Anchowski	One count of an illegal export and attempted export of defense articles in violation of 22 USC 2778	12 months plus one day in prison; two years supervised release; and a \$100 special assessment	Export of gun parts, rifle scopes and rifle sights to Japan, Taiwan, and Hong Kong
12/09/19	Jonathan Hipps	One count of mail fraud in violation of 18 USC 1341; one count of concealment of a material fact in violation of 18 USC 1001; and one count of making a false statement or representation in violation of 18 USC 1001	One year of probation; a \$700 criminal fine; and a \$300 special assessment	Conspiracy to defraud the government by supplying items made in India instead of the United States
01/24/20	Beng Sun Koh (also known as Michael Koh)	One count of conspiracy to export U.S. goods to Iran and defraud the United States and the U.S. Department of Treasury in violation of 18 USC 371	18 months in prison; one year of supervised release; a \$34,000 criminal fine; a \$23,025 forfeiture; and a \$100 special assessment	Export of gas chromatography system to Iran via Singapore, Vietnam and the United Arab Emirates
01/24/20	James Meharg	One count of conspiracy to defraud the United States in violation of 18 USC 371 and 554; one count of false statements on export information in violation of 13 USC 305 and 18 USC 2; and one count of money laundering in violation of 18 USC 1956	40 months in prison; three years of supervised release; a \$250,000 forfeiture; and a \$300 special assessment	Attempted export of a turbine and parts to Iran via the United Kingdom
01/30/20	Mahin Mojtahedzadeh	One count of conspiracy to violated the International Emergency Economic Powers Act and U.S. sanctions against Iran in violation of 50 USC 1705	Time served in prison; a \$5,000 criminal fine; and a \$100 special assessment	Export of gas turbine engine parts to Iran via Germany



Sentencing Date	Defendant	Criminal Charges	Criminal Sanctions	Case Details
02/03/20	Shaohua “Eric” Wang	One count of conspiracy to export defense articles without a license and export defense articles to an embargoed country in violation of 18 USC 371; and one count of money laundering in violation of 18 USC 1956	46 months in prison; three years of supervised release; a \$25,000 criminal fine; and a \$200 special assessment	Export of military equipment and supplies to China
02/04/20	Jahmarli Rivera	One count conspiracy to defraud the United States in violation of 18 USC 371; and One count of false statements during the purchase of a firearm in violation of 18 USC 922 and 924	45 months in prison; three years of supervised release; and a \$200 special assessment	Purchase of firearms for individuals in the U.S. Virgin Islands
02/06/20	Josef Koyshman	One count of unlawfully exporting arms and munitions from the United States in violation of 22 USC 2778	12 months and one day in prison; two years of supervised release; and a \$100 special assessment	Export of firearms parts to Hong Kong
02/10/20	Shan Shi	One count of conspiracy to commit theft of trade secrets in violation of 18 USC 1832	16 months in prison; two years of supervised release; and a \$100 special assessment	Theft of trade secrets with the intent to transfer technology to China
02/20/20	Mark Komoroski	One count of violating the International Emergency Economic Powers Act in violation of 50 USC 1705	Seven months in prison; two years of supervised release; a \$1,000 criminal fine; and a \$100 special assessment	Export of rifle scopes to Russia
02/24/20	Saud Eady	One count of conspiracy to commit mail and wire fraud in violation of 18 USC 1349	48 months in prison; three years of supervised release; \$640,172.80 in restitution (jointly with other defendants); and a \$100 special assessment	Fraudulently obtained sensitive, export controlled communications equipment
02/28/20	Rrok Camaj	One count of violating the Arms Export Control Act in violation of 22 USC 2778	42 months in prison; 120 hours of community service; forfeiture of firearms parts and ammunition; and a \$100 special assessment	Export of firearms parts to Australia

Sentencing Date	Defendant	Criminal Charges	Criminal Sanctions	Case Details
04/24/20	Issam Hamade	One count of conspiracy to violate the International Emergency Economic Powers Act and the Export Administration Regulations and to violate the Arms Export Control Act and the International Traffic in Arms Regulations in violation of 18 USC 371	Time served in prison and a \$100 special assessment	Export of unmanned aerial vehicle parts and technology to Syria via South Africa
05/12/20	Massoud Latifi	One count of misrepresentation and concealment of facts on a Shippers' Export Declaration in violation of 13 USC 305	Time served (3 months) in prison; two years of supervised release; and a \$100 special assessment	False information on a Shippers' Export Declaration for exports ultimately destined for Iran
06/01/20	Stephen Cotogno	One count of materially false statements in violation of 50 USC 1705	One year of probation; a \$10,000 criminal fine; \$3,953.76 in restitution; and a \$100 special assessment	Conspiracy to defraud export companies purchasing scrap metal for shipment to foreign customers and extortion
06/04/20	Matteo Taerri	One count of violating a penalty, license or order in violation of 50 USC 1705; and One count of structuring transactions to evade reporting requirements in violation of 31 USC 5324 and 18 USC 2	Time served (16 months) in prison; three years of supervised release; a \$277,334 forfeiture; and a \$200 special assessment	Export of a filter module to Iran
06/10/20	Abdirisak Ali	One count of false representation of a firearms licensee in violation of 18 USC 924	9 months in prison; two years of supervised release; and a \$200 special assessment	Illegal purchase of firearms
06/11/20	Gabriele Villone	One count of conspiracy in violation of 18 USC 371 and 2	28 months in prison; and a \$100 special assessment	Export of a power turbine to an entity on the BIS Entity List in Russia
06/17/20	Mamdoouh el Rayes	One count of fraud and misuse of visas, permit and other documents in violation of 18 USC 1546	Time served in prison; one year of supervised release; and a \$100 special assessment	Fraud and misuse of a visa

Sentencing Date	Defendant	Criminal Charges	Criminal Sanctions	Case Details
06/18/20	Valery Kosmachov	One count of conspiracy to violate the International Emergency Economic Powers Act in violation of 50 USC 1705	Time served in prison (25 months); three years of supervised release; a \$172,282.97 forfeiture; and a \$100 special assessment	Export of U.S.-origin commodities to Russian military end-users
06/26/20	Angelica Preti	One count of violating the International Emergency Economic Powers Act in violation of 50 USC 1705	18 months in prison; one year of supervised release; a \$5,000 criminal fine; and a \$100 special assessment	Export of electromotive engine parts to Iran
07/01/20	Mehdi Hashemi	One count of conspiracy to violating the International Emergency Economic Powers Act in violation of 50 USC 1705	12 months plus one day in prison; three years of supervised release; and a \$100 special assessment	Export of computer numerical control machines to Iran via the United Arab Emirates
07/16/20	Aiden Davidson (also known as Hamed Aliabadi)	One count of smuggling goods from the United States in violation of 18 USC 554	46 months in prison; one year of supervised release; and a \$200 special assessment	Export of motors, pumps and valves to Iran via Turkey
07/20/20	Usama Hamade	One count of conspiracy to violate the International Emergency Economic Powers Act and the Export Administration Regulations and to violate the Arms Export Control Act and the International Traffic in Arms Regulations in violation of 18 USC 371	42 months in prison and a \$100 special assessment	Export of unmanned aerial vehicle parts and technology to Syria via South Africa
07/29/20	Victor Garayzar	One count of conspiracy to smuggle goods from the United States in violation of 18 USC 371 and 554	21 months in prison; three years of supervised release; and a \$100 special assessment	Export of handcuffs, batons, pepper spray, tasers, ballistic helmets and rifle scopes to Mexico
08/27/20	Pengyi Li	One count of violating the Export Control Reform Act in violation of 50 USC 4819; and one count of smuggling goods from the United States in violation of 18 USC 554	12 months plus one day in prison	Export of microchips to China

Sentencing Date	Defendant	Criminal Charges	Criminal Sanctions	Case Details
08/31/20	Hao Zhang	One count of conspiracy to commit theft of trade secrets in violation of 18 USC 1832; one count of conspiracy to commit economic espionage in violation of 18 USC 1832; 12 counts of theft of trade secrets in violation of 18 USC 1832; and 10 counts of economic espionage in violation of 18 USC 1831	18 months in prison; three years of supervised release; \$476,834.81 in restitution; forfeiture of property (patents); and a \$2,600 special assessment	Theft of trade secrets and technology to China
09/16/20	Siddharth Bhatt	One count of unlawful export of restricted commodities, aiding and abetting an act in violation of 50 USC 1705 and 18 USC 2	6 months at a halfway house; four years of probation; a \$2,500 criminal fine; and a \$100 special assessment	Export of valves and thermal imaging cameras to Iran via the United Arab Emirates
09/16/20	Lynx Group LLC	One count of unlawful export of restricted commodities, aiding and abetting an act in violation of 50 USC 1705 and 18 USC 2	A \$2,000 criminal fine and a \$400 special assessment	Export of valves and thermal imaging cameras to Iran via the United Arab Emirates

**Table 2**  
Department of Commerce Export Enforcement Administrative Cases during FY 2020

Sentencing Date	Respondent	Case Details	Provision Violated [# of violations]	Penalty
10/09/19	Jaguar Imports, LLC	Exported stun guns, handcuffs, police batons, and pepper spray, controlled for Crime Control reasons and valued at approximately \$33,355, to Columbia, Mexico, and Panama without the required BIS licenses. (ECCNs 0A985, 0A982, 0A978, and 1A984)	764.2(a) [12]	Settlement Agreement – civil penalty of \$98,000 of which \$65,000 is suspended.
10/23/19	Alexis Vlachos	Underlying criminal conviction for violating Section 38 of the AECA by knowingly and willfully exporting and causing to be exported from the United States to Canada firearms that were designated as defense articles on the United States Munitions List, without the required U.S. Department of State licenses.	Section 38 of the AECA	Export privileges denied until September 4, 2025, pursuant to Section 766.25 of the EAR.
10/30/19	Ali Caby, a/k/a Alex Caby	Conspired to unlawfully export goods from the United States through transshipment points to Syria, including to Syrian Arab Airlines, the flag carrier airline of Syria and a Specially Designated Global Terrorist.	764.2(d) [1]	Settlement Agreement (after filing of charging letter) - agreed to be subject to a six-year denial of export privileges, with four years active and the last two years suspended.
10/30/19	AW-Tronics LLC	Conspired to unlawfully export goods from the United States through transshipment points to Syria, including to Syrian Arab Airlines, the flag carrier airline of Syria and a Specially Designated Global Terrorist.	764.2(d) [1]	Settlement Agreement (after filing of charging letter) - agreed to be subject to a six-year denial of export privileges.
10/30/19	Arrowtronic, LLC	Conspired to unlawfully export goods from the United States through transshipment points to Syria, including to Syrian Arab Airlines, the flag carrier airline of Syria and a Specially Designated Global Terrorist.	764.2(d) [1]	Settlement Agreement (after filing of charging letter) - agreed to be subject to a six-year denial of export privileges.

Sentencing Date	Respondent	Case Details	Provision Violated [# of violations]	Penalty
11/06/19	Arash Caby, a/k/a Axel Caby	Conspired to unlawfully export goods from the United States through transshipment points to Syria, including to Syrian Arab Airlines, the flag carrier airline of Syria and a Specially Designated Global Terrorist.	764.2(d) [1]	Settlement Agreement (after filing of charging letter) - agreed to be subject to a six-year denial of export privileges, with four years active and the last two years suspended.
11/07/19	Cotran Corporation	Exported electric cattle prods, controlled for Crime Control reasons and valued at approximately \$81,010, from the United States to various countries, including Venezuela, Mexico, South Africa, and the Czech Republic without the required licenses; failed to comply with recordkeeping requirements. (ECCN 0A985)	764.2(a) [10] 764.2(i) [1]	Settlement Agreement – civil penalty of \$136,000 of which \$86,000 is suspended.
11/07/19	Mojtaba Biria	Underlying criminal conviction for violating IEEPA by willfully conspiring to export and causing to be exported from the United States to Germany gas turbine parts, with knowledge that such goods were intended specifically for re-exportation directly or indirectly to Iran, without having first obtained the required U.S. Government authorization.	Sections 1705(a) and 1705(c) of IEEPA	Export privileges denied until August 14, 2029, pursuant to Section 766.25 of the EAR.
11/07/19	Rasheed Al Jijakli	Underlying criminal conviction for violating IEEPA by conspiring with others to export tactical gear from the United States to Syria without having obtained the required license from the Department of Commerce's Bureau of Industry and Security ("BIS"). The tactical gear included U.S.-origin laser boresighters and day- and night-vision rifle scopes.	Sections 1705(a) and 1705(c) of IEEPA	Amended the September 30, 2019 Order to reflect the correct U.S. District Court.



Sentencing Date	Respondent	Case Details	Provision Violated [# of violations]	Penalty
11/27/19	Ghaddar Machinery Co., SAL	Reexported foreign-assembled EAR99 items that included more than 10% U.S. content and that were valued at approximately \$736,236 from Lebanon to Syria without the required BIS licenses.	764.2(a) [20]	Settlement Agreement – civil penalty of \$368,000.
12/02/19	Mahan Airways; Pejman Mahmood Kosarayanifard, a/k/a Kosarian Fard; Mahmoud Amini; Kerman Aviation, a/k/a GIE Kerman Aviation; Sirjanco Trading LLC; Mahan Air General Trading LLC; Mehdi Bahrami; Al Naser Airlines, a/k/a Al-Naser Airlines, a/k/a Alnaser Airlines and Air Freight Ltd.; Ali Abdullah Alhay, a/k/a Ali Alhay, a/k/a Ali Abdullah Ahmed Alhay; Bahar Safwa General Trading; Sky Blue Bird Group, a/k/a Sky Blue Bird Aviation, a/k/a Sky Blue Bird Ltd., a/k/a Sky Blue Bird FZC; and Issam Shammout, a/k/a Muhammad Isam Muhammad Anwar Nur Shammout, a/k/a Issam Anwar	Temporary denial order (“TDO”) in matter that has involved the re-export and attempted or intended re-export of U.S.-origin Boeing 747s, false statements to BIS regarding the ultimate destination and end-user of these aircraft, and the failure to comply with a BIS order to return the aircraft to the United States. This matter also has involved exports and reexports, or attempted or intended exports or reexports, during renewal periods of the TDO of U.S.-origin McDonnell Douglas aircraft, Airbus aircraft with U.S.-origin engines, U.S.-origin jet engines, and other items subject to the Regulations		TDO renewed for 180 days.
12/03/19	Oguzhan Aydin	Underlying criminal conviction for violating IEEPA by exporting, causing to be exported, and attempting to export and cause the export of a General Electric CF6-50c2 engine, bearing manufacturer’s serial number 517621, with the intention of directly or indirectly supplying this item to Iran, and specifically to Mahan Airways, via transshipment through Turkey, without having first obtained the required U.S. Government authorization.	Section 1705 of IEEPA	Export privileges denied until August 3, 2026, pursuant to Section 766.25 of the EAR.

Sentencing Date	Respondent	Case Details	Provision Violated [# of violations]	Penalty
12/03/19	Paul Stuart Brunt	Underlying criminal conviction for violating Section 38 of the AECA by knowingly and willfully exporting firearms designated as defense articles on the United States Munitions List from the United States to Turkey and Iraq, without the required U.S. Department of State licenses.	Section 38 of the AECA	Export privileges denied until March 1, 2029, pursuant to Section 766.25 of the EAR.
12/31/19	Ruben Beltran-Ramos, a/k/a Ruben Ramos-Beltran	Underlying criminal conviction for violating 18 U.S.C. § 554(a) by knowingly exporting and attempting to export five thousand cartridges of 7.62 x 39 mm caliber ammunition from the United States to Mexico, contrary to Section 38 of the Arms Export Control Act, 22 U.S.C. § 2778 (2012).	18 U.S.C. § 554(a) (Smuggling)	Export privileges denied until November 20, 2028, under the Export Control Reform Act of 2018 (ECRA).
12/31/19	Edgar Saez-Muro	Underlying criminal conviction for violating 18 U.S.C. § 554(a) by knowingly attempting to export and exporting approximately 980 rounds of 7.62 x 39 mm caliber ammunition from the United States to Mexico, contrary to Section 38 of the Arms Export Control Act, 22 U.S.C. § 2778 (2012).	18 U.S.C. § 554(a)	Export privileges denied until June 19, 2024, under the Export Control Reform Act of 2018 (ECRA).
12/31/19	Resit Tavan	Underlying criminal conviction for violating 18 U.S.C. § 371 by knowingly and intentionally conspiring to violate U.S. sanctions by exporting specialized marine equipment from the United States to Iran, without the required U.S. Government authorization.	18 U.S.C. § 371	Export privileges denied until August 29, 2029, under the Export Control Reform Act of 2018 (ECRA).
01/15/20	Muhammad Kamran Wali, Muhammad Ahsan Wali, Haji Wali Muhammad Sheikh, Ahmed Waheed, Ashraf Khan Muhammad, Business World (of Pakistan), Business World (of Canada), Business World (of Hong Kong), Industria Hong Kong Ltd, d/b/a Transcool Auto Air Conditioning Products, d/b/a Electro-Power Solutions and Product Engineering	Temporary denial order (“TDO”) in matter that has involved in operating a procurement scheme to illegally obtain U.S.-origin items on behalf of two Pakistani entities on BIS’s Entity List for involvement in nuclear and missile proliferation activities.		Initial TDO issued for 180 days.

Sentencing Date	Respondent	Case Details	Provision Violated [# of violations]	Penalty
01/17/20	Marjan Caby	Conspired to unlawfully export goods from the United States through transshipment points to Syria, including to Syrian Arab Airlines, the flag carrier airline of Syria and a Specially Designated Global Terrorist.	764.2(d) [1]	Settlement Agreement (after filing of charging letter) - agreed to be subject to a four-year denial of export privileges.
03/11/20	Nordic Maritime Pte. Ltd., and Morten Innhaug	Nordic Maritime Pte. Ltd.: Re-exported maritime surveying equipment, controlled for National Security and Anti-Terrorism reasons to Iran without the required license with knowledge that a violation would occur; made false or misleading statements to BIS in the course of an investigation. Morten Innhaug: Caused, aided and abetted unlicensed reexports of maritime surveying equipment to Iran. (ECCN 6A001)	Nordic Maritime Pte. Ltd.: 764.2(e) [1] 764.2(a) [1] 764.2(g) [1]  Morten Innhaug: 764.2(b) [1]	Partial remand and final denial order issued by the Under Secretary imposing a 15-year denial and vacated and remanded for reconsideration the Administrative Law Judge's recommended civil penalty amount.
03/16/20	Zimo Sheng	Underlying criminal conviction for violating Section 38 of the AECA by knowingly and willfully attempting to export from the United States to China the complete upper assembly for a Glock 43 pistol BDEV511, designated as a defense article on the United States Munitions List, without the required U.S. Department of State licenses.	Section 38 of the AECA	Export privileges denied until December 13, 2028, pursuant to Section 766.25 of the EAR.

Sentencing Date	Respondent	Case Details	Provision Violated [# of violations]	Penalty
05/29/20	Mahan Airways; Pejman Mahmood Kosarayanifard, a/k/a Kosarian Fard; Mahmoud Amini; Kerman Aviation, a/k/a GIE Kerman Aviation; Sirjanco Trading LLC; Mahan Air General Trading LLC; Mehdi Bahrami; Al Naser Airlines, a/k/a Al-Naser Airlines, a/k/a Alnaser Airlines and Air Freight Ltd.; Ali Abdullah Alhay, a/k/a Ali Alhay, a/k/a Ali Abdullah Ahmed Alhay; Bahar Safwa General Trading; Sky Blue Bird Group, a/k/a Sky Blue Bird Aviation, a/k/a Sky Blue Bird Ltd., a/k/a Sky Blue Bird FZC; and Issam Shammout, a/k/a Muhammad Isam Muhammad Anwar Nur Shammout, a/k/a Issam Anwar	Temporary denial order (“TDO”) in matter that has involved the re-export and attempted or intended re-export of U.S.-origin Boeing 747s, false statements to BIS regarding the ultimate destination and end-user of these aircraft, and the failure to comply with a BIS order to return the aircraft to the United States. This matter also has involved exports and reexports, or attempted or intended exports or reexports, during renewal periods of the TDO of U.S.-origin McDonnell Douglas aircraft, Airbus aircraft with U.S.-origin engines, U.S.-origin jet engines, and other items subject to the Regulations.		TDO renewed for 180 days.
07/01/20	Mahin Mojtahedzadeh, a.k.a. Mahin Toussi Mojtahedzadeh, a.k.a. Mahin Mojtahedzadeh Toussi	Underlying criminal conviction for violating IEEPA by conspiring to export gas turbines parts from the United States to Iran without having first obtained the required U.S. Government authorization.	Sections 1705(a) and 1705(c) of IEEPA	Export privileges denied until January 30, 2030, under the Export Control Reform Act of 2018 (ECRA)
08/19/20	PT MS Aero Support, PT Antasena Kreasi, PT Kandiyasa Energi Utama, Sunarko Kuntjoro, Triadi Senna Kuntjoro, Satrio Wiharjo Sasmito	Temporary denial order (“TDO”) in matter that involved the unlicensed exports of aircraft parts to Mahan Air, an Iranian airline and prohibited end-user.		Initial TDO issued for 180 days

Sentencing Date	Respondent	Case Details	Provision Violated [# of violations]	Penalty
08/19/20	Nordic Maritime Pte. Ltd. and Morten Innhaug	Nordic Maritime Pte. Ltd.: Re-exported maritime surveying equipment, controlled for National Security and Anti-Terrorism reasons to Iran without the required license with knowledge that a violation would occur; made false or misleading statements to BIS in the course of an investigation. Morten Innhaug: Caused, aided and abetted unlicensed reexports of maritime surveying equipment to Iran. (ECCN 6A001)	Nordic Maritime Pte. Ltd.: 764.2(e) [1] 764.2(a) [1] 764.2(g) [1]  Morten Innhaug: 764.2(b) [1]	Final Order issued by the Under Secretary imposing a civil penalty of \$31,425,760 jointly and severely against each Respondent. (Litigated Case)
09/03/20	Carl Zeiss SBE LLC	Exported rifle scopes, controlled for Firearms Convention and valued at approximately \$889,170, from the United States to Canada with knowledge that a violation had occurred, or was about, or was intended to occur in connection with these items. (ECCN 0A987)	764.2(e)[10]	Settlement Agreement – civil penalty of \$55,000
09/21/20	Walid Chehade	Underlying criminal conviction for violating 18 U.S.C. § 371 by knowingly and willfully conspiring to export from the United States to Lebanon guns and gun parts designated as defense articles on the United States Munitions List, without first obtaining the required licenses from the U.S. Department of State.	18 U.S.C. § 371 (Conspiracy)	Export privileges denied until May 8, 2026, under the Export Control Reform Act of 2018 (ECRA).



# Appendix B

## Summaries of Antiboycott Cases and Boycott Requests

**Table 1**  
Summary of Antiboycott Cases in FY 2020

Company Name & Location	Date Order Signed	Alleged Violations of EAR <sup>2</sup>	Settlement Amount
Honeywell Middle East FZE (Dubai) (Jebel Ali, UAE)	11/13/19	2 x 760.2(a) - Refusals to Do Business  1 x 760.5 - Failure to report receipt of a boycott request	\$26,250
Kuwait Airways Corporation (Fort Lee, NJ)	01/14/20	14 x 760.2(a) - Refusals to Do Business	\$700,000
Mirasco, Inc. (Atlanta, GA)	05/11/20	1 x 760.2(d) - Furnishing information about business relationships with boycotted countries or black-listed persons  3 x 760.5 - Failure to report receipt of a boycott request	\$15,500
Hohmann & Barnard Inc. (Hauppauge, NY)	05/11/20	3 x 760.2(a) - Refusals to Do Business  5 x 760.2(d) - Furnishing information about business relationships with boycotted countries or black-listed persons  9 x 760.5 - Failure to report receipt of a boycott request	\$73,750
Independent Freight International, LLC (Elk Grove, IL)	07/23/20	3 x 760.5 - Failure to report receipt of a boycott request	\$7,500



**Table 2**  
Boycott Requests Reported to the Office of Antiboycott Compliance

FY 2020

Country	Prohibited Boycott Requests	Permissible Boycott- Related Requests	Amended Boycott Requests	Boycott Exceptions	Totals
Algeria	0	0	0	3	3
Bahrain	1	0	0	2	3
Iraq	43	0	0	1	44
Jordan	0	0	0	0	0
Kuwait	3	1	0	7	11
Lebanon	1	2	0	1	4
Libya	5	15	3	0	23
Oman	5	2	0	0	7
Qatar	7	11	1	64	83
Saudi Arabia	10	1	0	1	12
Syria	0	0	0	0	0
United Arab Emirates	42	29	12	52	135
Total (Arab League Members)	117	61	16	131	325
Bangladesh	0	2	1	30	33
Iran	0	0	0	0	0
Malaysia	2	0	0	481	483
Nigeria	0	0	0	0	0
Pakistan	7	2	3	27	39
All other Countries	8	3	0	7	18
Total (All countries & Arab League members)	134	68	20	676	898

**Prohibited boycott-related requests** describe those requests to take an action that would be prohibited under Section 760.2 of the EAR, mainly actions to enforce the secondary and tertiary aspects of a foreign unsanctioned boycott.

**Permissible boycott-related requests** are for actions that fall outside the prohibitions of the EAR but still require compliance with some level of a foreign unsanctioned boycott.

**Amended boycott-related requests** were ones that were prohibited as an initial matter but were subsequently adjusted and reclassified as permissible or as falling within an exception under the EAR.

**Boycott-related exceptions** are requests to take actions that would otherwise be prohibited, but are allowed under Section 760.3 of the EAR.



## Appendix C

**2019:**

- 11/13/2019: Commerce adds 22 parties from Bahrain, France, Iran, Jordan, Lebanon, Oman, Pakistan, Saudi Arabia, Senegal, Syria, Turkey, and the United Arab Emirates to the Entity List
- 11/20/2019: Commerce extends a temporary license granted to Huawei Technologies Co., Ltd and 114 of its non-U.S. affiliates found on the Entity List through February 16, 2020, effective November 18, 2020

**2020:**

- 1/6/2020: Commerce adds software specially designed to automate the analysis of geospatial imagery to the Export Classification Number 0Y521 series
- 1/23/2020: The Departments of Commerce and State publish concurrent rules establishing EAR control over Category I, II, and III items of the U.S. Munitions List, effective March 9, 2020
- 2/18/2020: Commerce extends a temporary license granted to Huawei Technologies Co., Ltd and 114 of its non-U.S. affiliates found on the Entity List through April 1, 2020, effective February 13, 2020
- 2/24/2020: Commerce amends the Export Administration Regulations to revise the Country Group designations for the Russian Federation and Yemen based on national security and foreign policy concerns, establishing further restrictions on exports to these countries
- 3/12/2020: Commerce extends a temporary license granted to Huawei Technologies Co., Ltd and 114 of its non-U.S. affiliates found on the Entity List through May 15, 2020, effective March 10, 2020
- 3/12/2020: Commerce requests comments on future TGL extensions.
- 3/16/2020: Commerce adds 24 parties from China, Iran, Pakistan, Russia, and the United Arab Emirates to the Entity List
- 4/2/2020: Commerce issues notice complying with court order related to 3D gun printing
- 4/28/2020: Commerce proposes to eliminate License Exception Additional Permissive Reexports to prevent reexports to China that would have been denied if exported directly from the United States
- 4/28/2020: Commerce amends the Export Administration Regulations by removing License Exception Civil End Users (CIV) and requiring a license for national security-controlled items on the Commerce Control List to countries of national security concern, effective June 29, 2020
- 4/28/2020: Commerce expands Military End Use/User (MEU) Controls on China, Russia, and Venezuela, effective June 29, 2020
- 5/11/2020: Initiation of 232 investigation on the effect of imports of Laminations for Stacked Cores for Incorporation into Transformers, Stacked Cores for Incorporation into Transformers, Wound Cores for Incorporation into Transformers, Electrical Transformers, and Transformer Regulators on the national security.
- 5/18/2020: Commerce extends a temporary license granted to Huawei Technologies Co., Ltd and 114 of its non-U.S. affiliates found on the Entity List through August 13, 2020, effective May 15, 2020

- 5/19/2020: Initiation of 232 investigation on the effect of imports of mobile cranes on the national security.
- 5/19/2020: Commerce imposes new controls over certain foreign-produced items, when there is knowledge that such items are destined to a designated entity on the Entity List, applying the rule to Huawei and its non-U.S. affiliates listed on the Entity List, effective May 15, 2020
- 5/28/2020: Initiation of 232 investigation on the effect of imports of vanadium on the national security.
- 6/5/2020: Commerce adds 24 entities in China (including Hong Kong), and the United Kingdom to the Entity List for unauthorized military modernization and weapons of mass destruction activities
- 6/5/2020: Commerce adds nine Chinese entities to Entity List for contributing to human rights violations in Xinjiang
- 6/17/2020: Commerce amends the EAR to implement decisions made at the February 2020 Australia Group Intersessional Implementation Meeting
- 6/18/2020: Commerce amends Huawei Entity Listing to authorize exports in the context of standards organizations
- 7/17/2020: Commerce issues Notice of Inquiry on advanced surveillance systems and other items of human rights concerns
- 7/22/2020: Commerce adds 11 Chinese entities implicated in human rights abuses to the Entity List
- 7/31/2020: Commerce publishes amendment to the Export Administration Regulations to suspend the availability of all License Exceptions for Hong Kong
- 8/20/2020: Commerce publishes amendments to the Huawei Entity Listing, adding 38 affiliates, implementing a limited permanent authorization for cybersecurity, and increasing the scope of the foreign-produced direct product rule to cover all foreign-produced designs and manufactured chips produced from U.S. software, technology, or equipment when destined or purchased by Huawei, effective August 17, 2020
- 8/20/2020: Commerce clarifies supplemental license requirements, stating that end-user controls apply to any listed entity when that entity is acting as a purchaser, intermediate or ultimate consignee, or end-user as defined in the EAR, effective August 17, 2020
- 8/25/2020: Secretary Ross chaired the first meeting of the Export Administration Review Board since 2016 [ZTE] to review two export license applications
- 8/27/2020: Commerce adds 60 parties from China, France, Hong Kong, Indonesia, Malaysia, Oman, Pakistan, Russia, Switzerland, and the United Arab Emirates to the Entity List (South China Sea and Russian CW facilities)
- 8/27/2020: Commerce issues Advanced Notice of Proposed Rulemaking on foundational technologies.
- 9/2/2020: BIS conducts its annual training conference in a virtual environment for 600 exporters from 18 different countries
- 9/11/2020: Commerce revises the CCL and other corresponding parts of the EAR to implement changes made to the Wassenaar Arrangement List of Dual-Use Goods and Technologies and Munitions List
- 9/18/2020: The President barred mobile apps TikTok and WeChat from U.S. app stores
- 9/22/2020: Commerce publishes 47 adds to the Entity List
- 9/25/2020: Reopening of Comment Period on Vanadium 232 Investigation and Publication of Redacted Petition

####END OF REPORT####