

# Annual Report to Congress

---

FISCAL YEAR 2021



---

U.S. Department of Commerce  
Bureau of Industry and Security



[Page Intentionally Blank]

## Contents

[Page Intentionally Blank] .....	1
Introduction: U.S. Secretary of Commerce Gina Raimondo .....	6
Table of Acronyms .....	8
BIS MISSION STATEMENT AND OVERVIEW .....	10
ADDITIONAL ACTIVITIES .....	12
ADDITIONAL ACTIVITIES .....	14
Section 232 Investigations and the Defense Industrial Base .....	14
Additions to the Entity List .....	16
Export License Processing .....	18
Exports Under License .....	18
License Applications Escalated for Interagency Resolution .....	19
Commodity Classifications .....	19
Commodity Jurisdiction Determinations .....	19
Licensing and Export of Items Transferred from the USML to the CCL .....	19
Validated End-User Program .....	21
Unverified List and Military End-User List .....	21
Licensing Determinations .....	21
CFIUS and The Foreign Investment Risk Review Modernization Act of 2018 .....	22
INTERNATIONAL REGIMES UPDATE .....	23
Australia Group .....	24
Missile Technology Control Regime .....	25
Nuclear Suppliers Group .....	26
Wassenaar Arrangement .....	27
TREATY COMPLIANCE .....	28

Chemical Weapons Convention.....	28
Additional Protocol to the U.S.-International Atomic Energy Agency (IAEA) Safeguards Agreement.....	29
Biological Weapons Convention.....	30
INDUSTRY OUTREACH AND COMPLIANCE .....	31
Seminars and Conferences .....	31
Technical Advisory Committees (TAC) .....	33
EXPORT COMPLIANCE PROGRAM .....	35
Project Guardian .....	36
Counseling .....	36
INTERNATIONAL COOPERATION .....	37
REGULATORY CHANGES .....	38
Emerging Technologies .....	38
Transfers from the USML to the CCL.....	39
Entity List.....	39
Human Rights .....	40
Hong Kong .....	41
Military End Use and End User .....	41
Expansion of U.S. Person Controls; Military-Intelligence End-Use and End-User .....	41
Ukraine, Mexico, and Cyprus.....	42
Sudan.....	42
Burma .....	42
Wassenaar Arrangement .....	42
Australia Group.....	43
EXPORT ENFORCEMENT ACTIONS .....	44

<b>Criminal Penalties .....</b>	<b>44</b>
<b>Administrative Penalties .....</b>	<b>45</b>
<b>Prevention and Compliance .....</b>	<b>45</b>
<b>Antiboycott Activities .....</b>	<b>46</b>
<b>Summary of Approved License Applications to Proscribed Persons.....</b>	<b>48</b>
<b>DEFENSE INDUSTRIAL BASE ACTIVITIES .....</b>	<b>49</b>
<b>Administering the Defense Priorities and Allocations System (DPAS).....</b>	<b>49</b>
<b>Committee on Foreign Investment in the United States (CFIUS).....</b>	<b>50</b>
<b>Monitoring the Strength of the U.S. Defense Industrial and Technological Base .....</b>	<b>51</b>
<b>U.S. Air Force Industrial Base Sustainment and Readiness Assessment .....</b>	<b>51</b>
<b>Public Health Industrial Base Assessment .....</b>	<b>51</b>
<b>Civil Space Supply Chain Network Assessment .....</b>	<b>52</b>
<b>Microelectronics Industry Assessment .....</b>	<b>52</b>
<b>Offsets in Defense Trade .....</b>	<b>52</b>
<b>Review of Security Cooperation Proposals .....</b>	<b>52</b>
<b>National Defense Stockpile .....</b>	<b>53</b>
<b>Supporting the U.S. Defense Industry’s International Competitiveness.....</b>	<b>53</b>
<b>Appendix A: Summaries and Tables of Closed Export Enforcement Cases .....</b>	<b>54</b>
<b>Table 1 .....</b>	<b>54</b>
<b>Criminal Convictions during FY 2021 .....</b>	<b>54</b>
<b>Table 2 .....</b>	<b>64</b>
<b>Administrative Cases during FY 2021.....</b>	<b>64</b>
<b>Appendix B: Summaries of Antiboycott Cases and Boycott Requests .....</b>	<b>81</b>
<b>Table 1 .....</b>	<b>81</b>
<b>Summary of Antiboycott Cases in FY 2021.....</b>	<b>81</b>

Table 2.....	82
Boycott Requests Reported to the Office of Antiboycott Compliance FY 2021.....	82
Appendix C: FY2021 Chronological Listing of Actions.....	84
####END OF REPORT#### .....	88

## Introduction: U.S. Secretary of Commerce Gina Raimondo



We are at a challenging moment in history. Our national security and economic interests are bound together by technology in new, complex, and challenging ways. Authoritarian regimes are increasingly challenging global peace and security and the democratic, rules-based international order. In addition, technologies intended to foster connection and create economic opportunity are being exploited to modernize militaries and weapons programs that destabilize security, sow division and spread misinformation, facilitate cyber theft, and undermine democracy and human rights. The Bureau of Industry and Security (BIS) operates at the nexus of U.S. national security and foreign policy interests, as well as U.S. strategic technology leadership, and is critical to confronting these

current and emerging global challenges.

Since the Biden-Harris Administration took office, we immediately got to work restoring our commitment to democratic values, reaching out to critical allies and partners, strengthening our national security and technological leadership, and prioritizing human rights.

As this Annual Report for Fiscal Year 2021 (FY 2021) makes clear, BIS plays a critical role in furthering our national security and foreign policy objectives and its mission is as important as ever, especially in an era when democracy is in competition with autocratic governments for 21st century leadership. At Commerce, we use a range of defensive and offensive tools to protect our U.S. national security and foreign policy interests and promote U.S. technological leadership.

First, BIS ensures that we play solid defense through export controls – BIS’s administration and enforcement of these controls prevent the use of U.S. technologies to support the militaries and destabilizing actions of countries and entities of concern. The Bureau understands that national security is a shared responsibility, which is why it works closely with law enforcement partners and the private sector at home and abroad to detect export control violations and promote compliance. BIS furthers foreign policy in its export licensing policies and works to address the misuse of U.S. technologies to commit human rights abuses. BIS also enforces treaties to limit the proliferation of chemical, biological, and nuclear materials. Through these tools, BIS is at the forefront of our whole-of-government response to the strategic competition with the People’s Republic of China (PRC), and to the threats of malign actors like Russia, Iran, and others.

BIS furthers U.S. foreign policy interests in its export licensing policies and works to address the misuse of U.S. technologies to commit human rights abuses. Thanks to President Biden’s leadership, America is rebuilding bonds with allies and partners that share our values, and that is a force multiplier for our export controls. For example, we are re-engaging with allies through the U.S.-EU Trade and Technology Council, or TTC, which I co-

chair. The TTC's export controls working group is enabling further coordination with our European partners on shared export control priorities. Coordinating with allies and partners helps maximize the effectiveness of our controls, keeps a level playing field for U.S. companies, and helps maintain U.S. technological leadership and competitiveness.

Second, BIS's effective administration of the Section 232 steel and aluminum tariffs, industrial base assessments, and input into the Committee on Foreign Investment in the United States (CFIUS) process collectively support our national security, competitiveness, defense industrial base, supply chain security, and critical infrastructure.

Third, BIS has played a key role in reviewing our supply chain risks and addressing supply chain bottlenecks through its work on the 100-day report on vulnerabilities in the semiconductor supply chain and its assessment of risks in the semiconductor supply chain.

Through these broad areas and others, BIS is instrumental to Department-wide efforts to build a stronger global security architecture that is anchored by U.S. and allied leadership, and animated by our shared commitments to democratic governance, rule of law, respect for human rights, and peaceful commerce.

This Annual Report for Fiscal Year 2021 (FY 2021) outlines the accomplishments and initiatives of the Bureau.

In short, this report demonstrates that BIS is a small but mighty Bureau that is at the center of U.S. government efforts to protect our national security and promote our technological leadership in the 21st century.

I am proud to lead the dedicated employees of BIS and the Commerce Department.





## Table of Acronyms

ACE	Automated Commercial Environment
ACEP	Advisory Committee on Export Policy
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 Antiboycott 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



# BIS MISSION STATEMENT AND OVERVIEW

**MISSION:** BIS advances U.S. national security, foreign policy, and economic objectives by ensuring an effective export control and treaty compliance system and promoting continued U.S. strategic technology leadership.

**OVERVIEW:** 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 weapons of mass destruction, or to abuse human rights; and (2) certain less-sensitive military items that are not otherwise controlled by the Department of State under the International Traffic in Arms Regulations.

Department of Commerce controls are implemented primarily under the Export Control Reform Act of 2018 (ECRA) through the Export Administration Regulations (EAR), in coordination with several other federal 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 ECRA authorities.

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 national security; conducting industry sector surveys and analyses; participating in the 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.

## ADDITIONAL ACTIVITIES



- 1) **Advancing American Supply Chain Resiliency:** In May 2021, BIS completed the 100-day report on vulnerabilities in the semiconductor supply chain pursuant to President Biden’s Executive Order 14017. The report identified the vulnerabilities in the U.S. semiconductor supply chain and recommended actions to address those vulnerabilities.
- 2) **Continued Response to Russia’s Use of Chemical Weapons:** In March 2021, BIS supported the Biden Administration’s response to Russia’s continued use of chemical weapons by further restricting exports, reexports, and in-country transfers of items to Russia, including comprehensive restrictions on parties involved in Russia’s weapons of mass destruction and chemical weapons activities.
- 3) **Short-Circuiting PRC Military-Civilian Fusion Efforts and Human Rights Abuses:** The PRC Government’s efforts to divert civilian technologies to military applications and its campaign of human rights abuses in the Xinjiang Uyghur Autonomous Region of China (XUAR) are ongoing threats to U.S. national security and foreign policy objectives. In 2021, BIS took multiple actions to address the PRC Government’s activities by imposing comprehensive restrictions on exports, reexports, and in-country transfers to entities involved in the PRC’s supercomputing and quantum computing efforts, as well as to parties supporting forced labor and other forms of repression against Muslim minority groups in the XUAR. In 2021, BIS also led Commerce’s contributions to the updated Xinjiang Supply Chain Business Advisory, an effort across multiple agencies to highlight the heightened risks for businesses with supply chain and investment links to the XUAR.
- 4) **Strong Action to Support Burma’s Democracy:** On February 1, 2021, the Burmese military perpetrated a coup against the democratically elected government of Burma. Acting at President Biden’s direction, BIS responded quickly to counteract this anti-democratic action by restricting exports of technology and software, including encryption technologies, aircraft, vessels, spacecraft and related equipment, and other sensitive items to Burma’s Ministry of Defense, Ministry of Home Affairs, armed forces, and security services.
- 5) **Effective Export Enforcement:** BIS’s enforcement of export controls achieved significant outcomes for national security during FY 2021. This included criminal fines of \$2.798 million and 1,118 months of prison time, as well as 57 administrative actions, resulting in \$9.822 million in penalties, and 33 denial orders. For FY 2021, criminal fines were the highest since FY 2017, administrative orders were the highest number since FY 2013, and denial orders were the highest number since FY 2017. Aggressive enforcement deters future violators and ensures that companies that invest in an export compliance program are not placed at a disadvantage by those that seek to skirt the rules.

- 6) **Continued Review of Emerging and Foundational Technologies:** BIS continued to work with interagency colleagues in working groups organized by the National Security Council to analyze certain technologies for potential identification as emerging or foundational technologies. As of the end of FY 2021, BIS has imposed controls on 37 emerging technologies. The COVID-19 pandemic continued to slow adoption of new emerging and foundational technology controls by the multilateral regimes. However, near the end of FY 2021, the Australia Group, through its silence procedure, adopted a new control for nucleic acid assembler and synthesizer software capable of designing and building functional genetic elements from digital sequence data. At the beginning of FY 2022, BIS has already taken steps to implement that control and work to finalize other new controls.
- 7) **Leadership of Section 232 Investigations:** At the direction of Secretary Raimondo, BIS initiated an investigation into the effects on national security of the import of neodymium-iron-boron (NdFeB) permanent magnets. BIS also completed investigations into the effect on national security of imports of vanadium, as well as imports of laminations for stacked cores for incorporation into transformers, stacked and wound cores for incorporation into transformers, electrical transformers, and transformer regulators.
- 8) **Fair, Transparent, and Effective Administration of Section 232 Exclusions Process:** In FY 2021, BIS processed approximately 110,000 Exclusion Requests submitted by domestic importers of steel and aluminum products impacted by duties under Section 232 with decisions averaging between 45 and 96 days depending on whether Objections were received or not. BIS also published the fourth Interim Final Rule (IFR) to further improve the exclusions process and created the list of Generally Approved Exclusions (GAEs), which allow requestors importing certain products to forgo the 232 Exclusion Process.
- 9) **Maintaining an Efficient Export Licensing Process:** During FY 2021, BIS processed 41,446 license applications valued at \$1.3 trillion in an average processing time of 26 days. Of these, BIS approved 35,630 licenses (86.0%) valued at \$340.5 billion, returned 5,109 applications without action (12.3%) valued at \$798.6 billion, and denied 707 applications (1.7%) valued at \$122.1 billion.



## 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.

### Section 232 Investigations and the Defense Industrial Base

In FY 2021, the Department completed investigations into the effect on the national security of the import of vanadium and the effect on the national security of imports of laminations for stacked cores for incorporation into transformers, stacked and wound cores for incorporation into transformers, electrical transformers, and transformer regulators; and terminated an investigation on the effect on the national security of imports of mobile cranes. Additionally, on September 21, 2021, BIS commenced a Section 232 investigation into the effects on the national security of imports of NdFeB permanent magnets. Critical national security systems rely on NdFeB permanent magnets, and they are essential components of critical infrastructure, including electric vehicles and wind turbines. The report is due to the President on June 18, 2022.

BIS 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 2021, 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 Exclusion Process is an important goal of the Department. In FY 2021, BIS processed approximately 110,000 Exclusion Requests submitted by domestic importers of steel and aluminum products impacted by duties under Section 232. The Department reviewed all Exclusion Requests and associated Objections, Rebuttals, and Surrebuttals on a case-by-case basis, considering only information that was submitted on the public record by the parties to the 232 Exclusions Portal. BIS worked closely with industry specialists within the International Trade Administration, as well as product specialists from the Department of Homeland Security's Customs and Border Protection.

The 232 Exclusions Portal continued to function in normal operational mode throughout FY 2021 despite ongoing remote operations caused by COVID-19. The Portal streamlines the 232 Exclusions Process for affected parties and provides greater transparency to the public as compared to the prior system in Regulations.gov.

In FY 2021, Exclusion Requests with no Objections received a final decision within roughly forty-five calendar days on average, while Exclusion Requests with Objections received a final decision within roughly ninety-six calendar days on average. Commerce has met its internal timeliness guidelines for over 80 percent of Exclusion Requests submitted in the 232 Exclusions Portal.

In FY 2021, BIS continued to take steps to further increase the efficiency, ease of use, and transparency of the 232 Exclusions Process. The Department published a fourth Interim Final Rule (IFR) on the 232 Exclusion Process in the Federal Register on December 14, 2020. The IFR contained several significant process improvements based on constructive feedback received from domestic industry, including the release of a set of Generally Approved Exclusions (GAEs), which allow requestors importing certain products to forgo the 232 Exclusion Process. BIS worked on an additional fifth IFR and Notice of Inquiry on the 232 Exclusions Process for publication in the first quarter of FY 2022.

***In FY 2021, BIS processed 110,000 Exclusion Requests and domestic importers received final decisions in between 45 and 96 days.***

BIS also signed a memorandum of understanding to implement additional technical enhancements to the 232 Exclusions Portal, which is expected to be complete by the second quarter of FY 2022. Finally, BIS foresees implementing additional changes in response to audits of the 232 Exclusions Process completed during FY 2021 by the Government Accountability Office (GAO) and the U.S. Department of Commerce's Office of

the Inspector General (OIG).

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. Additionally, on September 24, 2021, BIS published a notice of request for public comments to address ongoing shortages in the semiconductor product supply chain. Specifically, BIS solicited input on identifying data gaps and bottlenecks in the supply chain, and potential inconsistent demand signals

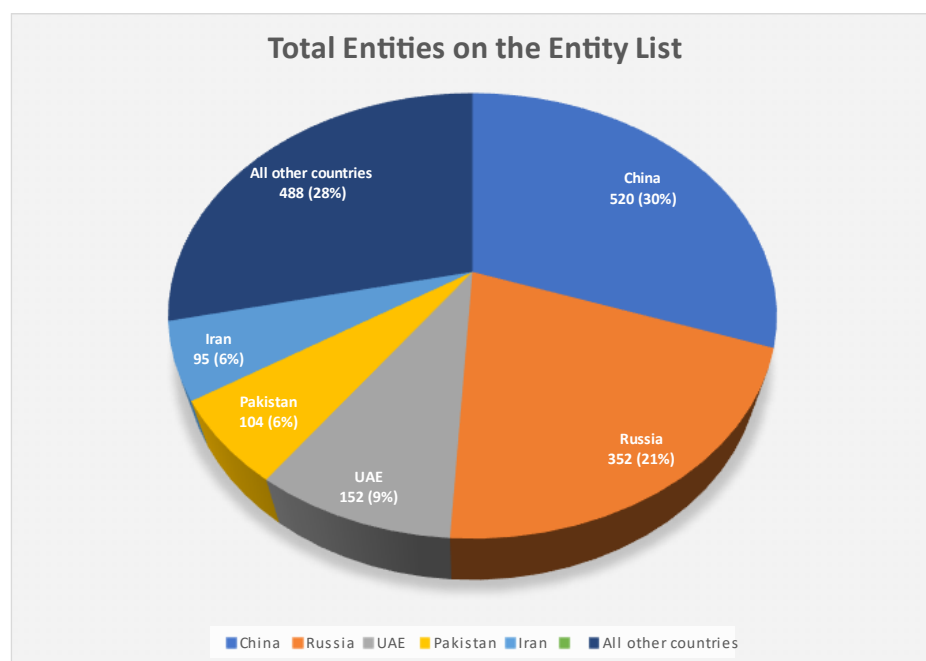


## Additions to the Entity List

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, where appropriate, the Treasury, that decides upon all additions to, removals from, or other modifications to the Entity List. The Entity List identifies foreign parties that are prohibited from being a party to a transaction involving some or all items subject to the EAR unless the exporter, re-exporter, or transferor first receives a license. The ERC has determined that persons and entities on the Entity List have been involved, are involved, or pose a significant risk of being or becoming involved in activities that are contrary to the national security or foreign policy interests of the United States. 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 2021, BIS published ten rules that added 160 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 2021, there are a total of over 1,700 entries on the Entity List in 79 country locations.

In FY 2021, BIS added 160 entities to the Entity List via ten final rules:



- Effective December 18, 2020, BIS amended the EAR by adding seventy-seven entities, under a total of seventy-eight entries, to the Entity List. These entities were listed under the destinations of the People's Republic of China (China), Bulgaria, France, Germany, Hong Kong, Italy, Malta, Pakistan, Russia, and the United Arab Emirates (UAE). This rule also revised one existing entry under the destination of China and one under the destination of Pakistan. Finally, this rule removed a total of four entities under the destinations of Israel and the UAE. The removals were made in connection with requests for removal that BIS received pursuant to the EAR and a review of information provided in those requests.

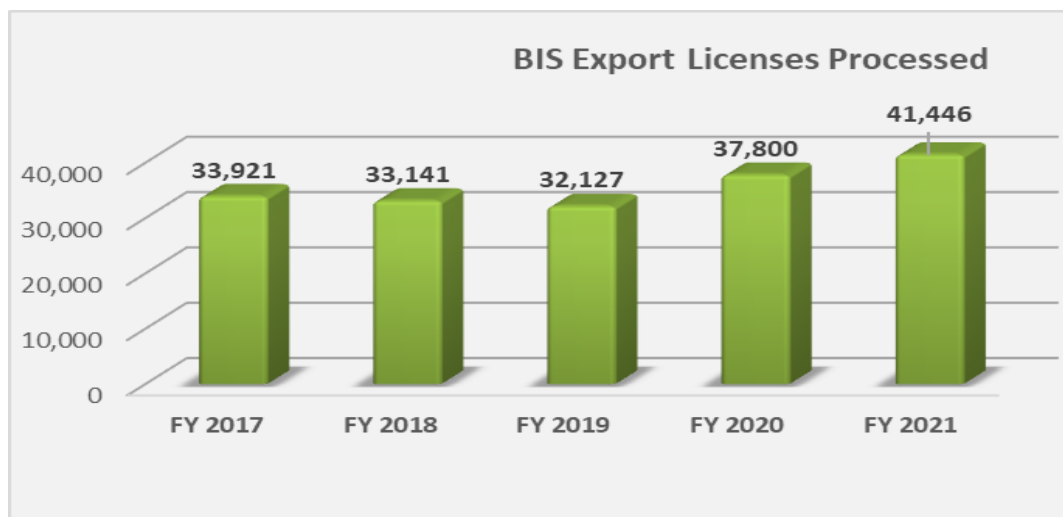
- Effective January 14, 2021, BIS amended the EAR by adding one entity under the destination of the People's Republic of China (China).

- On March 4, 2021, BIS amended the EAR by adding fourteen entities under the destinations of Germany, Russia, and Switzerland. This rule also corrected six existing entries to the Entity List, one under the destination of Germany and the other five under the destination of China.
- On March 8, 2021, BIS amended the EAR by adding four entities under the country of Burma in response to the February 1, 2021, coup that overthrew Burma's democratically elected government.
- Effective April 8, 2021, BIS amended the EAR by adding seven entities to the Entity List under the destination of China. All seven entities were added on the basis of their procurement of U.S.-origin items for activities contrary to the national security and foreign policy interests of the United States. Specifically, these entities are involved in activities that support China's military actors, its destabilizing military modernization efforts, and/or its weapons of mass destruction (WMD) programs.
- On June 1, 2021, BIS amended the EAR by adding eight entities under the destinations of Pakistan and the UAE for the proliferation to unsafeguarded nuclear activities. The rule also removed one entity under the destination of Pakistan.
- Effective June 24, 2021, another five entities were placed on the Entity List under the destination of China. These entities have been implicated in human rights violations and abuses in the implementation of China's campaign of repression, mass arbitrary detention, forced labor and high-technology surveillance against Uyghurs, Kazakhs, and other members of Muslim minority groups in the XUAR. Specifically, the End User Review Committee (ERC) determined that the five entities were engaging in activities contrary to the foreign policy interests of the United States through participating in the practice of, accepting, or utilizing forced labor.
- Effective July 6, 2021, BIS amended the EAR by adding four entities under the destination of Burma for contributing to the February 1, 2021, coup by the military, which overthrew Burma's democratically-elected government.
- Effective July 12, 2021, BIS amended the EAR by adding thirty-four entities in forty-three entries under the destinations of Canada, China, Iran, Lebanon, the Netherlands, Pakistan, Russia, Singapore, South Korea, Taiwan, Turkey, the United Arab Emirates, and the United Kingdom. These entities were added for a variety of reasons including the facilitation of exports of U.S. items to Iran in violation of the EAR, human rights violations and abuses, and furtherance of Russian military programs.
- Effective July 19, 2021, six entities were placed on the Entity List under the destination of Russia. The six entities were added on the basis of activities described in Executive Order (E.O.) 14024 (86 FR 20249, April 19, 2021), *Blocking Property With Respect To Specified Harmful Foreign Activities of the Government of the Russian Federation*, issued on April 15, 2021.

***In FY 2021, BIS added 160 entities to the Entity List via ten Final Rules.***

## Export License Processing

BIS processed 41,446 license applications, approved 35,630 applications (86.0%), returned 5,109 applications without action (12.3%), and denied 707 applications (1.7%). BIS's average license application processing time this year was 26 days. This included time for reviews by the Departments of Defense, Energy, and State.



Through the licensing process, BIS carefully assesses each application, 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 2021, the ITU provided information relevant to 610 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.

## 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 2021, U.S. companies exported \$7.4 billion of licensed items. BIS-licensed exports represented 0.4% of total U.S. exports. Exports made under a BIS license exception totaled \$15.2 billion, representing approximately 0.9% of overall U.S. exports.

BIS continues to work with Census and Customs and Border Protection (CBP) to improve the Automated Commercial Environment (ACE) and to increase exporter compliance with the EAR. This year, U.S. exporters were given access to ACE portal reports to allow them to review their own export transactions filed through the system.

## License Applications Escalated for Interagency Resolution

Under Executive Order 12981, BIS's Operating Committee (OC) – with membership including the Departments of Commerce, Defense, Energy, and State – is tasked with resolving interagency disagreement on specific license applications. In FY 2021, the OC reviewed 568 cases, and 80 cases were further escalated to the Assistant Secretary-level Advisory Committee on Export Policy (ACEP) for resolution.

## Commodity Classifications

If an item is subject to the EAR, exporters need to assess 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 helps 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 BIS 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 2021, BIS processed 3,137 classification request applications, including 726 encryption requests, with an average response time of 59.8 days per classification request. For comparison, 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. 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 United States Munitions List (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 2021, BIS provided recommendations to the Department of State on 226 CJ requests.

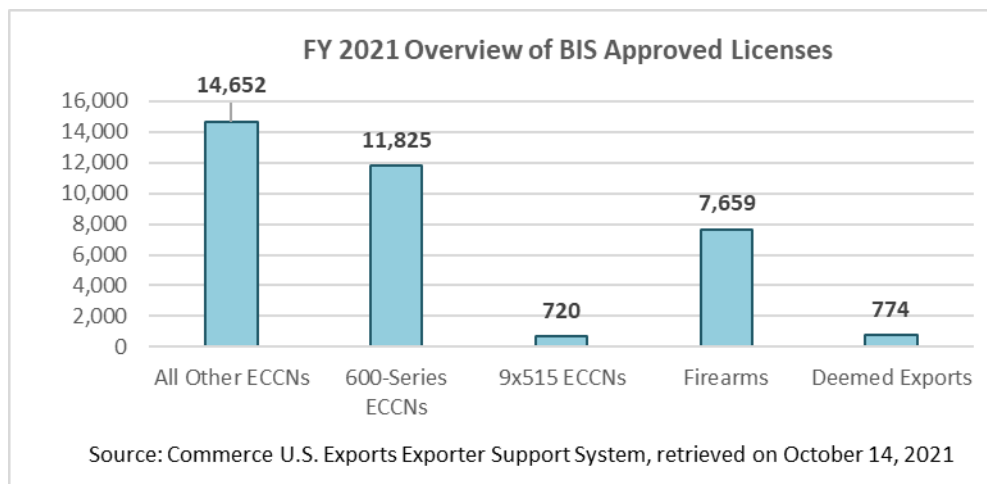
## Licensing and Export of Items Transferred from the USML to the CCL

In FY 2021, BIS processed 12,851 export license applications for exports of "600 series" items that transferred from the USML to the CCL. Of the "600 series" license applications, BIS approved 11,825 applications (92.0%), returned 985 applications without action (7.7%), and denied 41 applications (0.3%).

The "600 series" items with the highest number of approved license applications included military aircraft and related commodities under ECCN 9A610 (5,265), followed by military electronics under ECCN 3A611 (2,059), military aircraft technology under ECCN 9E610 (1,341), and military gas turbine engines and related commodities under ECCN 9A619 (1,026).

This year, U.S. companies exported 112,285 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 61,847 shipments valued at \$2.8 billion.

The top destinations for U.S. exports of “600 series” items (by value) included Japan, the United Kingdom, 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 Servicing and replacement of parts and equipment.



Spacecraft systems and related items previously under the USML that were transferred to the CCL are classified under “9x515” ECCNs. BIS processed 786 export license applications for these spacecraft-related items. Of these, BIS approved 720 (91.6%), returned 57 applications without action (7.3%), and denied 9 (1.1%). U.S. companies exported 3,590 shipments of “9x515” items for a total value of \$936.9 million.

Spacecraft and related commodities classified under ECCN 9A515 were both the greatest number of “9x515” items exported, with 3,426 shipments valued at \$916.5 million, and greatest number of approved licenses (366) in the category. The top destinations for these exports, by value, included Russia, French Guiana, and Kazakhstan. The license designations most frequently reported by exporters were a BIS license, “No License Required” to Canada for ECCN 9A515.y items and License Exception Strategic Trade Authorization.

Of FY 2021 licenses, Export Control Classification Number (ECCN) 0A501 for Firearms (except 0A502 shotguns) and related commodities moved from the USML was the greatest number of approved applications (5,592) licenses valued at \$2.4 billion.

## 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 2021, there were 9 VEUs in China with 12 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.

## Unverified List and Military End-User List

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 added 26 persons to and removed three persons from the UVL in FY 2021. 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.

The Military End-User (MEU) List identifies entities that have been determined by the ERC to be 'military end users' pursuant to § 744.21 of the EAR. That section imposes additional license requirements on, and limits the availability of most license exceptions for, exports, reexports, and transfers (in country) to listed entities on the MEU List, as specified in supplement no. 7 to part 744 and § 744.21 of the EAR. In FY 2021, BIS added one hundred and five military end users to the MEU List, removed three entities, and revised one existing entry on the MEU List.

## 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 2021, BIS completed 960 LDs for BIS's Office of Export Enforcement. In addition, BIS processed an additional 1,987 LDs for the Federal Bureau of Investigation and DHS in support of their respective investigations of potential unlawful exports.

## CFIUS and 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, particularly 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 technologies.

In addition, in FY 2021, BIS worked closely with other CFIUS agencies to publish a 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. Because of this enhanced role, which includes both filings and declarations,

## INTERNATIONAL REGIMES UPDATE



BIS's CFIUS-related activities continued at a very high rate in FY 2021.

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.

As the ECRA recognizes, effective implementation and enforcement of export control laws 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.



## Australia Group

**AG Members (43):** Argentina, Lithuania, Australia, Luxembourg, Austria, Malta, Belgium, Mexico, Bulgaria, Netherlands, Canada, New Zealand, Croatia, Norway, Czech Republic, Poland, Denmark, Portugal, Estonia, Republic of Cyprus, European Union, Republic of Korea, Finland, Republic of Turkey, France, Romania, Germany, Slovak Republic, Greece, Slovenia, Hungary, Spain, Iceland, Sweden, India, Switzerland, Ireland, Ukraine, Italy, United Kingdom, Japan, and United States

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 hosted virtual meetings in FY 2021, due to the COVID-19 pandemic, including the Enforcement Exchange (EE), New and Evolving Technologies Technical Experts' Meeting (NETTEM), and Implementation Meeting (IM). The EE is an informational meeting, allowing AG members to share enforcement-related case studies, WMD visa screening experiences, and export control enhancements. The NETTEM is an informational meeting, allowing AG members

to share advances in synthetic biology and new developments in production equipment and technology. The IM is a meeting where updates to the AG Common Control List (AG CCL) are made via consensus decision.

The Australia Group's held an IM on November 16 (Session 1) and December 2 (Session 2), 2020. The United States presented a proposal to add small agricultural spraying drones to the Items for Inclusion in Awareness Raising Guidelines, which reached consensus. Additionally, the United States gave a progress report on the toxins virtual working group (VWG), which it is leading, and a presentation on SARS-COV-2 and COVID-19.

The AG held a second virtual IM on May 27, 2021, where the United States gave two presentations for decision. The first was a proposal to remove cholera toxin from the AG CCL. The proposal was well received but did not reach consensus. The United States continues to engage bilaterally and aims to have cholera toxin removed from the AG CCL in FY21. The second was a proposal to add software for the operation of nucleic acid synthesizers and assembler to the AG CCL. Although consensus was not reached at the meeting, the AG adopted the new rule via silence procedure intersessionally.

In FY 2021, 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 for such items 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 (Partners) that have agreed to coordinate their national export controls to prevent missile proliferation.

An MTCR Plenary was held October 4-8, 2021, in Sochi, Russia, that also included a Technical Experts Meeting (TEM), Information Exchange (IE), and a Licensing and Enforcement Experts Meeting (LEEM). A U.S. delegation did not attend because of concerns with the host country and the COVID-19 pandemic. However, the United States contributed papers and presentations for all the meetings prior to their commencement and held bilateral discussions with close allies about U.S. initiatives and positions.

An ongoing topic at the Plenary meeting is the U.S. proposal to treat Category I unmanned aerial vehicles (UAVs) that operate below a certain speed and range/payload capability as Category II, such that they are no longer subject to the strong presumption of denial that applies to exports of Category I UAVs. The United States first proposed this change in 2017 in the TEM. Since that date, most Partners agree that the technical aspects of the proposal have been worked out and the remaining hurdles are political and more appropriately discussed in the Plenary. While the United States continues to lobby in the Plenary for the change, with a need for U.S. manufacturers to stay competitive with current global trends, the United States unilaterally adopted a policy in July 2020 of case-by-case review for applications involving UAVs with a range of at least 300 km and a payload capability of at least 500 kg and a maximum speed of less than 800 km/hr and issued an EAR amendment in January 2021 implementing this policy change.

The Plenary also discussed membership issues, regional proliferation, and emerging technologies. MTCR outreach to various non-MTCR Partner countries was discussed at length, including the role and autonomy of the MTCR Chair (the MTCR is chaired by the country that hosts the Plenary until the next plenary is held).

The TEM discussed several proposals, including a new U.S. proposal to add hypersonic glide vehicles to the MTCR's Equipment, Software, and Technology Annex (the Annex). While the U.S. proposal was not yet adopted, three minor changes to the Annex were agreed to by the TEM. Other proposals considered by the TEM were related to small turbojet/turbofan engines, silicon nitride, the definition of technical data, and gyroscopes.

In FY2021, BIS approved 1,164 export or reexport applications that included missile technology-controlled items, valued at \$7.6 billion. In addition, BIS denied six applications for such items valued at \$13.5 million and returned without action 53 applications valued at \$142.6 million.

### MTCR Members (35):

Argentina, Australia, Belgium, Brazil, Bulgaria, Canada, Czech Republic, Denmark, Finland, France, Germany, Greece, Hungary, Iceland, India, Ireland, Italy, Japan, Luxembourg, the Netherlands, New Zealand, Norway, Poland, Portugal, Russia, South Africa, South Korea, Spain, Sweden, Switzerland, Turkey, Ukraine, United Kingdom, and United States

**NSG Members (48):** Argentina, Australia, Austria, Belarus, Belgium, Brazil, Bulgaria, Canada, China, Croatia, Cyprus, Czech Republic, Denmark, Estonia, Finland, France, Germany, Greece, Hungary, Iceland, Ireland, Italy, Japan, Kazakhstan, Latvia, Lithuania, Luxembourg, Malta, Mexico, Netherlands, New Zealand, Norway, Poland, Portugal, Romania, South Korea, Russia, Serbia, Slovakia, Slovenia, South Africa, Spain, Sweden, Switzerland, Turkey, Ukraine, United Kingdom, and United States

## 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 (PGs). 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.

Belgium hosted the 50th Nuclear Suppliers Group (NSG) Consultative Group (CG) Meeting and the Brussels Plenary on June 22-25, 2021. After a 19-month hiatus from official meetings resulting from the COVID-19 pandemic and certain PGs' opposition to virtual meetings, the Plenary made decisions and progress on issues related to controlling next generation reactor technologies and on cooperation with the global nuclear industry. The Plenary also adopted several procedural amendments and welcomed the new NSG Chair from Poland and several new chairs of subsidiary bodies providing new initiatives in the Group's leadership. This year's public statement also included language emphasizing the NSG's request that Iran abide by the terms and limit their nuclear activities to only those that are described in the with the Joint Comprehensive Plan of Action (JCPOA). Due to the ongoing pandemic, several PGs did not attend in person but many provided pre-recorded or written statements prior to the Plenary. Membership in the NSG was discussed, particularly the potential additions of India and Pakistan, as well as the subject of ongoing transfers of nuclear reactors to Pakistan.

The 49th Consultative Group (CG) Meeting was held in November 2019. The COVID-19 pandemic prevented the CG and TEG from meeting since that time, though informal online CG consultations have been held and some informal work has been done on Technical Experts Group (TEG) proposals. As a result, the CG was unable to recommend any technical proposals for Plenary approval. However, it was able to continue useful discussions related to outreach to industry and academia and make various other recommendations to the Plenary designed to improve the overall functioning of the NSG and of national implementation of the NSG Guidelines and Control lists.

In FY 2021, BIS approved 1,575 export or reexport applications that included items controlled for nuclear non-proliferation reasons, valued at \$6.3 billion. In addition, BIS denied 53 applications for such items valued at \$49.6 million and returned without action 103 applications valued at \$87.2 million.

## 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.

**WA Members (42):** Argentina, Australia, Austria, Belgium, Bulgaria, Canada, Croatia, the Czech Republic, Denmark, Estonia, Finland, France, Germany, Greece, Hungary, India, Ireland, Italy, Japan, Latvia, Lithuania, Luxembourg, Malta, Mexico, Netherlands, New Zealand, Norway, Poland, Portugal, Romania, Russia, Slovakia, Slovenia, South Africa, South Korea, Spain, Sweden, Switzerland, Turkey, Ukraine, the United Kingdom, and United States

In FY 2021, the Wassenaar Arrangement 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.

Due to COVID-19 disruptions, all but one of the Wassenaar Arrangement in-person meetings planned for FY 2021 had to be cancelled. However, Wassenaar members cooperated intersessionally and adopted a number of decisions required to ensure the continued implementation of the Wassenaar Arrangement's work program and the functioning of the Secretariat.

A framework was agreed for conducting the sixth internal Assessment of the Wassenaar Arrangement – a wide ranging exercise to review and evaluate the Wassenaar Arrangement's overall functioning and improve its effectiveness and efficiency.

There was only a single opportunity for the usual in-depth in-person technical review. Typically, three such meetings are held in a year. Note that no in-person technical review meetings occurred in FY 2020. The Wassenaar Arrangement Control Lists adopted by the Plenary in FY 2020 remain in force and discussions on possible updates will continue based on proposals submitted in FY 2021 and FY 2020.



## TREATY COMPLIANCE

A program of activities to commemorate the Wassenaar Arrangement's twenty-fifth anniversary in FY 2020 was agreed, including ongoing outreach to non-Wassenaar members.

BIS approved 32,072 applications, valued at \$54.1 billion for the export or reexport of items controlled for national security reasons. In addition, BIS denied 345 applications for such items valued at \$3.6 billion and returned without action 3,384 applications valued at \$721.3 billion.

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 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 United States recognizes 192 States Parties to the CWC.

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 2021, BIS submitted 670 declarations and reports from U.S. facilities and trading companies to the OPCW. As a result of the COVID-19 pandemic, BIS's Host Teams did not manage inspections at domestic chemical facilities in FY2021. BIS staff participated in meetings with the U.S. National Authority to ensure when domestic inspections resume in FY2022, the of safety of all participants and adherence to COVID-19 protocols is the priority. [Note: Due to COVID-19 restrictions, the OPCW completed only 16 percent of its 241 budgeted inspections in the last three quarters of FY2021].

In January 2021, BIS published a final rule in the Federal Register amending the CWC Regulations and EAR to reflect additions to Schedule 1(A) of the CWC Annex on Chemicals, based upon two 2019 CWC Conference of States Parties Decisions. This was the first ever update to the Schedule of Chemicals. The final rule authorizes the DOC to implement these decisions.

BIS gathered responsive 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 responsive 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. 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 2021, BIS submitted to the IAEA the annual Additional Protocol declarations containing 247 changes and new activities, and quarterly reports to the IAEA on a total of 235 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 2021, 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. COVID-19 restrictions on travel precluded BIS participation at the annual Meeting of States Parties and the Meeting of Experts. 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

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 predominantly online during the fiscal year. BIS also utilized web-based decision tools to assist exporters.

As part of this work, BIS continues to support small businesses as outlined in the report to Congress entitled “A Plan to Assist Small-and Medium-Sized United States Businesses with Export Licensing and Other Processes,” submitted in accordance with Section 1757 of ECRA. 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

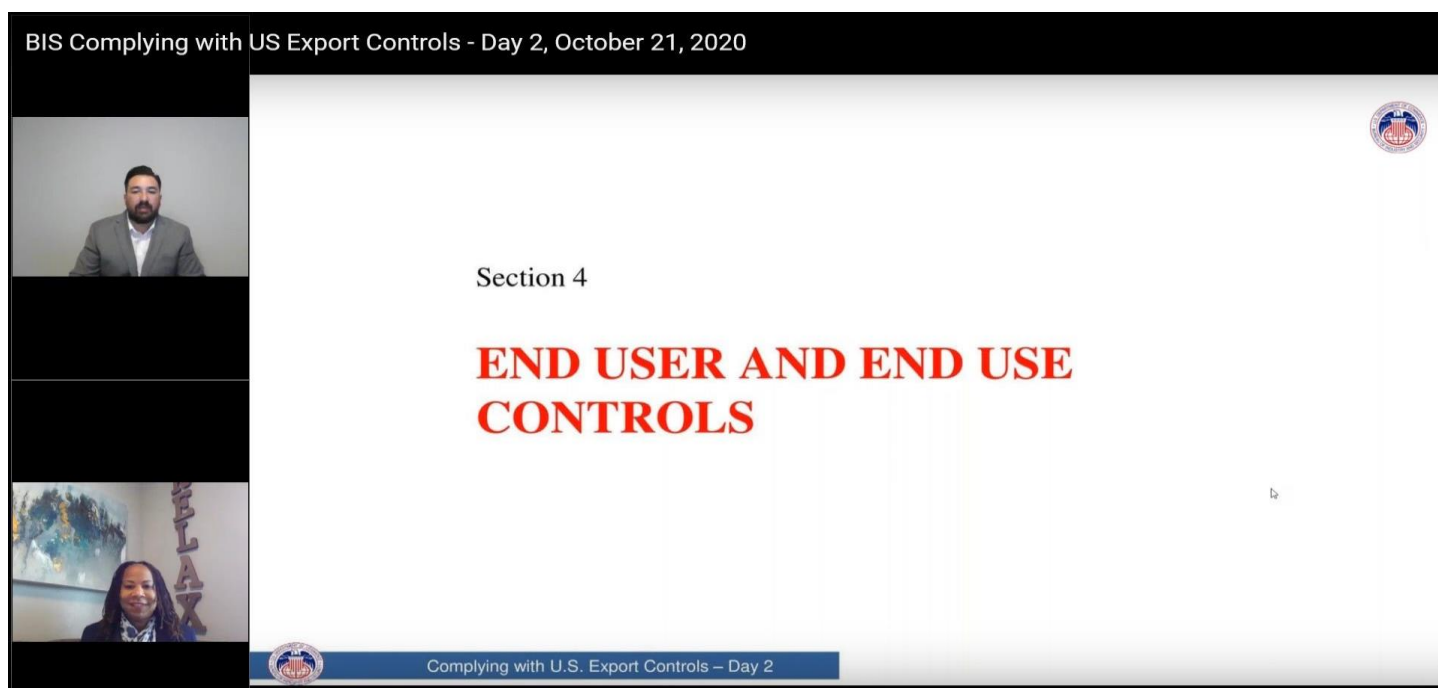
BIS conducted its 34th Annual Conference on Export Controls on September 2, 2021. The Virtual Conference on Export Controls and Policy was attended by 800 registrants, including attendees from 24 foreign countries. The one-day conference provided sessions on a wide range of topics, including the Foreign Direct Product Rule, military end-use and end-user-based controls, foreign policy-based export controls, promoting human rights and democracy, encryption, and export compliance. The U.S. Bureau of the Census at the Department of Commerce and the Directorate of Defense Trade Controls of the U.S. Department of State also presented sessions. The conference featured keynote addresses from Secretary of Commerce Raimondo, Acting BIS Under Secretary Jeremy Pelter, Acting Assistant Secretary for Export Administration Matthew Borman, and Acting Assistant Secretary for Export Enforcement Kevin Kurland.

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, freight forwarders, universities, and individuals assisting them in meeting their obligations under the EAR.



BIS provides one-on-one counseling assistance on both coasts for extended periods of operation each day. Counselors also conduct numerous highly regarded seminars for the high-technology communities most affected by export control regulations. BIS restructured the organization and content to offer this training online, dramatically expanding the potential audience for these programs. These online events have proven to be particularly beneficial for small- and medium-sized businesses that operate with limited time and financial resources for compliance training.

BIS conducted seven export control seminars that were offered live online. These seminars attracted a total of 1,377 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, reexport controls, complying with rules on encryption, as well as technical data issues. Of the attendees who participated in the post-event survey, 94% rated the seminars either “very good” or “excellent.”



During FY 2021, BIS also created two additional videos introducing key regulatory and process concepts to the business community. The agency has produced a total of 16 videos that have over 100,000 views. 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. The new videos cover controls on biological agents and the export control regulations of particular importance to overseas parties. In FY 2021, the videos were viewed over 42,000 times.

BIS participated in the Shooting, Hunting, Outdoor Trade Show and Conference (SHOT SHOW 2021), and in several programs dedicated to assisting other U.S. government agencies in their administration or support of the U.S. export control system.

BIS also participated in numerous industry events focused on specific issues, such as revised controls on exports to China, export controls and universities, emerging technology, and end-user restrictions, among others. In total, BIS employees from Export Administration offices (including but not limited to OESD and WRO) participated in 78 outreach activities with 9,155 attendees.

In addition, BIS continued to focus on enforcement aspects of deemed export compliance involving individuals and companies that had not previously submitted applications for export or deemed export licenses. In FY 2021, BIS's Office of Export Enforcement conducted 695 enforcement outreach visits to such individuals and companies within the export community. BIS also initiated 84 leads and cases involving allegations of deemed export licensing violations.

## Technical Advisory Committees (TAC)

BIS's Technical Advisory Committees (TACs) advise the Department of Commerce on the technical parameters for export controls applicable to commodities, software, and technology subject to BIS jurisdiction and on the administration of those controls. The TACs are composed of representatives from industry, academia, and Government representing diverse points of view on the concerns of the exporting community. Industry representatives are selected from firms producing a broad range of goods, technologies, and software presently controlled for national security, foreign policy, nonproliferation, and short supply reasons or that are proposed for such controls, balanced to the extent possible among large and small firms.

TAC members are appointed by the Secretary of Commerce and serve terms of not more than four consecutive years. The membership reflects the Department's commitment to attaining balance and diversity. TAC members must obtain secret-level clearances prior to appointment. These clearances are necessary so that members can be permitted access to relevant classified information needed in formulating recommendations to the Department of Commerce. Each TAC meets approximately four times per year. Members of the TACs are not compensated for their services.

BIS has seven TACs. While the President's Export Council Subcommittee on Export Administration is not currently staffed, the other six are:

- 1.) **Emerging Technology Technical Advisory Committee (ETTAC)** - consists of members with specific technical or export control expertise to identify emerging technologies with potential dual-use applications as early as possible in their developmental stages both within the United States and abroad. In its work the committee focuses on both the current state of such technologies and projecting their likely effects five to ten years in the future on national security, the U.S. defense industrial base, and the overall health and competitiveness of the U.S. economy.

- 2.) **Materials and Equipment Technical Advisory Committee (METAC)** - consists of members with specific technical or export control expertise in materials, chemicals, microorganisms, toxins, chemical and biological weapons, metals, nuclear power and associated materials and specific technical or export control expertise in machine tools and robotics.
- 3.) **Transportation Technical Advisory Committee (TRANSTAC)** - consists of members with specific technical or export control expertise in transportation and related equipment, including gas turbine engines, airframes and overall aircraft integration, avionics, accelerometers, gyroscopes, and inertial navigation.
- 4.) **Information Systems Technical Advisory Committee (ISTAC)** - consists of members with specific technical or export control expertise in information systems and related software and technology, including encryption and information security, semiconductors and semiconductor manufacturing equipment, high performance computers and microprocessors, telecommunications technology, and instrumentation.
- 5.) **Sensors and Imaging Technical Advisory Committee (SITAC)** - consists of members with specific technical or export control expertise in sensor and laser systems, including video cameras, radars, uncooled and cooled infrared imagers, shortwave imagers, low light-level imagers, magnetic sensors, infrared thermometry equipment, firefighting cameras, diode pumped lasers, optical fibers, wireless sensors, and hydrophones.
- 6.) **Regulatory Policy Technical Advisory Committee (RPTAC)** - consists of not more than 50 members from a multi-discipline group of exporters, consultants, freight forwarders, and attorneys whose focus is on review of regulations prior to their issuance.

BIS TACs meet quarterly. Each TAC meeting is led by a chairperson, nominated by the committee. In addition, a Designated Federal Officer from BIS is also assigned to each TAC to ensure that the mission of the TAC is fulfilled and the process of the TAC is consistent with the Federal Advisory Committee Act. In FY 2021, despite COVID-19 constraints, BIS TACs met 23 times, with all meetings being virtual.



## EXPORT COMPLIANCE PROGRAM

The BIS Office of Exporter Services' Export Management and Compliance Division (EMCD) conducted seven Export Compliance Program (ECP) reviews of corporate export compliance programs. Due to COVID-19, EMCD did not undertake any in-person outreach, but led or participated in virtual training opportunities including collaborating with the Minnesota District Export Council to present the "Importance of Creating an Export Compliance Program" to exporters; collaborating with the Export Compliance Training Institute to present "Export Controls and Compliance in the University Environment" to the Ohio State University; participating in the Society for International Affairs' (SIA) virtual "Back to Basics 2021 Winter International Trade Export Licensing & Compliance Conference" and its virtual conference on "Trade Compliance Programs, Enforcement and Disclosures;" participating in a Webinar Series for U.S. Higher Education Institutions hosted by the Department of Commerce's International Trade Administration; and participating in a Department of State-sponsored compliance information exchange on compliance outreach and internal compliance programs between representatives of the U.S. government and the Governments of Brazil, South Africa, and the United Kingdom.

EMCD also conducted 65 remote compliance reviews to identify and counsel exporters with apparent filing errors in the Automated Export System (AES). With the transfer of export licensing for 500 series items (firearms that are not inherently military) from the Department of State's Directorate of Defense Trade Controls to Commerce jurisdiction in 2020, EMCD focused a significant portion of its compliance review efforts on these items, completing 32 reviews in FY21. Another 18 were focused on the use of License Exception Strategic Trade Authorization (STA), with the remaining 15 reviews completed for other export transactions. EMCD initiated these reviews to identify the specific reasons these reporting errors occurred, provide guidance to exporters on correcting them, and offer export counseling assistance to enhance their compliance with the EAR. The overwhelming majority of these parties were small- to medium-sized exporters who had never previously received any formal export control training.

Additionally, BIS's Office of Strategic Industries and Economic Security conducted 95 600-series compliance reviews during FY 2021. Compliance reviews by the Munitions Control Division compliance team allow for the counselling of exporters on the Export Administration Regulations, record keeping requirements, and identification and correction of filing errors as well as identification and referral to Export Enforcement. Of the 95 completed compliance reviews, 10 were focused on the use of License Exception Strategic Trade Authorization (STA), 50 on shipments of 600 series items as No License Required (NLR) to D:5 Arms Embargoed destinations, seven on NLR shipments to transshipment destinations, and four on License Exceptions to D:5 destinations.

## 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 112 Project Guardian leads (i.e., alerts to Special Agents about a suspicious transaction) in FY 2021.

## Counseling

BIS received 32,791 phone and email inquiries through its counseling programs at OESD in Washington, D.C., and 7,285 through the Western Regional Office in California. Through these programs, BIS offers guidance on regulations, policies, and practices and helps to increase compliance with U.S. export controls.

## INTERNATIONAL COOPERATION



In addition to participation in the multilateral regimes, BIS staff participated in bilateral discussions related to export control policy, licensing, and enforcement issues with Australia, Brazil, Canada, China, Estonia, Finland, France, Germany, the European Union, Hong Kong, India, Israel, Japan, Latvia, Malaysia, Mexico, the Netherlands, New Zealand, Norway, the Philippines, Poland, Singapore, Slovakia, South Africa, Sweden, Switzerland, Taiwan, the United Arab Emirates, the United Kingdom, and Vietnam.

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 (EXBS) program and the Department of Energy's International Nonproliferation Export Control Program (INECP). This interagency collaboration with EXBS and INECP included a series of virtual engagements with the governments of Mexico, India, Brazil, and Malaysia, as well as a co-hosted annual Joint Industry Outreach event with the governments of Singapore and Japan.



## REGULATORY CHANGES

BIS published 41 regulatory notices and rules pertaining to the Export Administration Regulations in the Federal Register during FY 2021, 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 dual-use and less-sensitive military items. BIS administers the EAR in consultation with other federal agencies, including the Departments of Defense and State.

In FY 2021, BIS published three additional rules on emerging technologies.

- On October 5, 2020 (85 FR 62583), BIS published controls on six recently developed or developing technologies, which were identified by the Wassenaar Arrangement (WA) December 2019 WA Plenary Meeting:
  - Hybrid additive manufacturing (AM)/computer numerically controlled (CNC) tools (2B001),
  - Computational lithography software designed for the fabrication of extreme ultraviolet (EUV) masks (3D003),
  - Technology for finishing wafers for 5nm production (new ECCN 3E004),
  - Digital forensics tools that circumvent authentication or authorization controls on a computer (or communications device) and extract raw data (5A004.b),
  - Software for monitoring and analysis of communications and metadata acquired from a telecommunications service provider via a handover interface (5D001.e), and
  - Sub-orbital craft (9A004.h, 9A515.a).
- On November 6, 2020 (85 FR 71012), BIS proposed a control on “software” capable of being used to operate nucleic acid assemblers and synthesizers for the purpose of generating pathogens and toxins without the need to acquire controlled genetic elements and organisms.
- On January 6, 2021 (86 FR 461), BIS published an extension of unilateral controls for certain software related to analysis of geospatial imagery to allow more time for consideration for multilateral controls.

During FY21, BIS analyzed comments received in response to the Advance Notice of Proposed Rulemaking on foundational technology published on August 27, 2020 (85 FR 52934). These comments are helping to inform the ongoing interagency process to identify and describe foundational technologies.

## Transfers from the USML to the CCL

In 2020, the Departments of State and Commerce completed the initial review of the U.S. Munitions List (USML), which began in 2011, with publication of conforming changes made to the EAR to control, on the Commerce Control List (CCL), those items not warranting control under the International Traffic in Arms Regulations (ITAR) in Categories I (firearms, close assault weapons and combat shotguns), II (guns and armaments), and III (ammunition/ordnance) of the USML.

The BIS and State rules became effective on March 9, 2020. However, prior to their effective date, on March 6, 2020, the Honorable Richard A. Jones, District Judge of the U.S. District Court for the Western District of Washington issued an order enjoining the State Department from implementing or enforcing the regulation “insofar as it alters the status quo restrictions on technical data and software directly related to the production of firearms or firearm parts using a 3D-printer or similar equipment.” (Case No. 2:20-cv-00111-RAJ).

On June 1, 2021 (86 FR 29189), BIS notified the public of the transfer of jurisdiction of certain “software” and “technology” as a result of action by the Court of Appeals for the Ninth Circuit vacating the March 6, 2020, preliminary injunction by the district court in *Washington v. U.S. Department of State*, No. 20–35391, 2021 WL 1621320, 2021 U.S. App. LEXIS 12448 (9th Cir. Apr. 27, 2021). This notice also included guidance to persons with technology or software that was previously retained on the USML and controlled under the ITAR pursuant to the March 6 district court order, but which is now subject to the jurisdiction of the EAR. In response to significant interest from Congress, industry, and the general public, BIS issued an updated [Frequently Asked Questions \(FAQ\)](#) document on this policy.

## Entity List

As previously discussed, in FY 2021, BIS published ten rules that, together, added 160 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 2021, there are approximately 1,700 entries on the Entity List in 79 country locations. These entries impact non-U.S. persons that are a party (e.g., purchaser, intermediate or ultimate consignee, end-user) to a transaction 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

As part of the Biden Administration's commitment to put human rights at the center of U.S. foreign policy, 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 Export Administration Regulations (EAR) item-based controls which protect human rights reflect technological advances, BIS continues to conduct 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 (CCL). Based upon public comments received from a 2020 Notice of Inquiry concerning the current list of items on the CCL that are controlled for crime control and detection (CC) reasons, BIS is drafting a proposed rule for further public comment.

Through two rules published on October 6, 2020, BIS imposed a license requirement on exports and reexports of water cannon systems and also revised license review policy to broaden consideration of human rights concerns for items having any reason for control, except short supply.

BIS also added numerous parties to the Entity List to address human rights concerns. For example, in June and July 2021, the End-User Review Committee (ERC) determined to add 19 Chinese companies to the Entity List as a result of being implicated in human rights violations and abuses in the implementation of China's campaign of repression, mass detention, and high-technology surveillance against Uyghurs, Kazakhs, and other members of Muslim minority groups in the XUAR.

## Hong Kong

On December 23, 2020, BIS published a rule removing Hong Kong as a separate destination under the EAR in response to new security measures imposed on Hong Kong by the government of China. These new measures fundamentally undermine Hong Kong's autonomy increasing the risk that sensitive U.S. items will be diverted to unauthorized end uses and end users in China.

## Military End Use and End User

On December 23, 2020, BIS published a rule adding a new 'Military End User' (MEU) List. The U.S. Government determined that these entities were 'military end users' for purposes of the 'military end user' control in the EAR. The EAR's MEU rule imposes license requirements for certain items exported, reexported, or transferred (in-country) to the People's Republic of China (China), Russia, Venezuela, and Burma (as of March 8, 2021), when such items are known to be intended for a 'military end-use' or a 'military end user.' The addition of the new MEU List was responsive to requests received from the public; however, the establishment of the MEU List does not imply that other parties not included on the list are exempt from the 'military end-use' and 'military end user' controls under the EAR. Rules published January 15, June 1, and July 12, 2021, added to or modified the list.

## Expansion of U.S. Person Controls; Military-Intelligence End-Use and End-User

On January 15, 2021, BIS published an interim final rule to implement the provisions of the Export Control Reform Act of 2018 by: (i) imposing additional license requirements under the EAR for exports, reexports, and transfers (in-country), as well as specific activities of U.S. persons, in connection with certain military-intelligence end uses and end users in Cuba, China, Iran, North Korea, Russia, Syria, and Venezuela (as well as Burma as of April 9, 2021); (ii) clarifying that license requirements under the EAR for specific activities of U.S. persons apply even when the items at issue are not subject to the EAR; (iii) establishing restrictions on transactions intended to circumvent license requirements for listed entities; and (iv) expanding the scope of activities subject to chemical and biological weapons and rocket systems and unmanned aerial vehicles end-use controls. BIS also published corrections to the interim final rule that became effective on March 16, 2021.

## Ukraine, Mexico, and Cyprus

On December 28, 2020, BIS revised the Country Group designations for Ukraine, Mexico, and Cyprus. Specifically, BIS moved Ukraine from Country Group D to the less restrictive Country Group B and added Mexico and Cyprus in Country Group A:6, which allows increased access certain items under License Exception STA.

## Sudan

Effective January 14, 2021, BIS implemented the rescission of Sudan's designation as a State Sponsor of Terrorism. The Secretary of State rescinded this designation effective December 14, 2020, in accordance with established statutory procedures, including the President's October 26, 2020, submission to Congress of a report justifying the rescission and certifying Sudan had not provided any support for acts of international terrorism during the preceding six-month period and that Sudan had provided assurances that it would not support acts of international terrorism in the future. Accordingly, BIS removed Anti-Terrorism (AT) controls on the country and removed Sudan from Country Group E:1 (Terrorist supporting countries).

## Burma

On March 8, 2021, in response to the Burmese military coup that overthrew the democratically-elected government of Myanmar (Burma), BIS published a rule to apply more restrictive treatment to exports and reexports to, and transfers within, Burma of items subject to the EAR. This action advanced the U.S. Government's efforts to reduce the availability of items to Burma's military and security services. Specifically, the rule: (i) moved Burma from Country Group B to the more restrictive Country Group D:1; (ii) added Burma to the countries subject to the national security licensing policy for certain military end uses and end users, and to the 'military end use' and 'military end user' restrictions; and (iii) moved Burma from Computer Tier 1 to the more restrictive Computer Tier 3 in the (Computers) (APP) license exception. On April 9, 2021, BIS added Burma to the list of countries subject to military-intelligence-related controls.

## Wassenaar Arrangement

On March 29, 2021, BIS revised the Commerce Control List (CCL), as well as corresponding parts of the EAR, to implement changes to the Wassenaar Arrangement List of Dual-Use Goods and Technologies (WA List) that were decided upon by governments participating in the Wassenaar Arrangement on Export Controls for Conventional Arms and Dual-Use Goods and Technologies (Wassenaar Arrangement, or WA) at the December 2019 WA Plenary meeting. These revisions complemented those published as emerging technologies on October 5, 2020. The rule also made changes to various provisions related to Category 5 - Part 2 of the CCL (Information Security) in the EAR, including provisions on License Exception Encryption commodities, software, and technology (ENC). These changes, which include the elimination of reporting requirements for certain encryption items, are designed to reduce the regulatory burden for exporters while still fulfilling U.S. national security and foreign policy objectives.

## Australia Group

On June 17, 2020, BIS published a final rule to clarify the scope of the export controls that apply to certain vaccines, consistent with the vaccine release (i.e., exclusion) note contained in the Australia Group (AG) “Human and Animal Pathogens and Toxins for Export Control” common control list. Specifically, this rule amended Export Control Classification Number (ECCN) 1C991 on the Commerce Control List (CCL) to indicate that it includes vaccines containing, or designed for use against, any of the items identified in ECCN 1C351, 1C353 or 1C354.

Prior to the effective date of this final rule, ECCN 1C991 indicated that it controlled vaccines “against” such items but was not specific about whether all vaccines “containing” such items were controlled, irrespective of whether the vaccines were designed for use “against” such items. This rule also expanded the scope of medical products controlled under ECCN 1C991 to include those containing genetically modified organisms and genetic elements described in ECCN 1C353.a.3. In addition, this rule clarified the definition of ‘immunotoxin’ that appears in ECCN 1C351 and ECCN 1C991 and removed the definition of ‘subunit’ from ECCN 1C351. Finally, this rule renumbered ECCN 1C991.c and .d by listing medical products that are subject to chemical/biological (CB) controls, as well as anti-terrorism (AT) controls, under ECCN 1C991.c and listing medical products that are subject only to AT controls under ECCN 1C991.d.



# 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 Penalties

BIS investigations resulted in the criminal conviction of 50 individuals and companies for export violations. This represents the highest number of convictions since FY 2013, and the second highest since FY 2010.



The penalties for FY 2021 convictions amounted to \$2,798,000 in criminal fines, which is the highest since FY 2017; \$2,368,452 in forfeitures, which is the highest since FY 2018; \$3,149,782 in restitution, which represents almost triple the number in the previous two fiscal years; and more than 1,118 months of imprisonment, which represents the highest number since FY 2010.

Convictions of Individuals and Companies	50
Criminal Fines	\$2,798,000
Forfeitures	\$2,368,452
Restitution	\$3,149,782
Prison Time	1,118 months

## Administrative Penalties

BIS investigations resulted in the completion of 57 administrative enforcement actions (55 export control matters and two antiboycott matters), and the imposition of a total of \$9,822,653 in civil penalties (\$9,727,903 derived from export control matters and \$94,750 derived from antiboycott matters) in FY 2021. This represents the highest number of export control administrative actions since 2013.

	OEE	OAC	Total
Administrative Enforcement Actions	55	2	57
Civil Penalties	\$9,727,903	\$94,750	\$9,822,653

## Prevention and Compliance

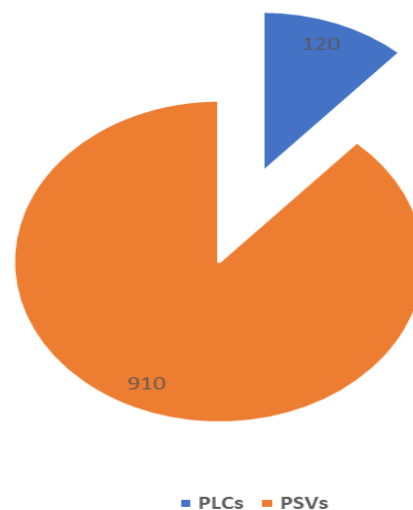
BIS continued to emphasize enforcement activities that focus on prevention and compliance. Export Enforcement officials participate in the export licensing process by providing all-source Bona Fides Information Reports (BFIRs) to licensing officers on foreign transaction parties, making recommendations 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.

In FY 2021, BIS completed 1,030 end-use checks in 49 countries. Of these, 120 were Pre-License Checks, which BIS conducts prior to shipment to prevent the export of sensitive items to unreliable parties, and 910 were Post-Shipment Verifications, which assist the U.S. Government in monitoring export transactions to conclusion.

End-Use Checks



Approximately 74% 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 2021, 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. Twenty-six percent of BIS end-use checks resulted in such follow-up actions.

BIS completed a significant number of additional preventive enforcement actions in FY 2021, including the issuance of 500 warning letters, 543 detentions, and 251 seizures. Two existing TDOs were renewed. In FY 2021, BIS issued 33 Denial Orders against parties convicted under certain federal statutes following their criminal convictions, which represents the highest number of denial orders since 2017 and made 1,681 outreach contacts with industry.

Prevention Actions	
Warning Letters	500
Detentions	543
Seizures	251
Outreach Contacts	1,681

## 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.

In June 2021, BIS added the first major update to the antiboycott provisions of the EAR since 1995, with the issuance of supplement no. 17 to Part 760 to reflect the historic repeal by the UAE of Federal Decree Law No. 15 of 1972 Concerning the Arab League Boycott of Israel, and its implementation of the Abraham Accords normalizing diplomatic and commercial relations with Israel, thereby formally terminating participation by the UAE in the Arab League Boycott of Israel.

During FY 2021, two companies agreed to pay civil penalties totaling \$94,750 to settle allegations that they violated the antiboycott provisions of the EAR.

During FY 2021, BIS responded to 703 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 increased in FY 2021. While reports of prohibited requests from the UAE continued to decrease, most notably in the second half of FY 2021, reports of prohibited requests received from Kuwait, Qatar, and Saudi Arabia each increased year-over-year. Iraq, however, again this fiscal year, continues to be the leading source of reported prohibited requests (45) in FY 2021. 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 2021, BIS approved 35,630 license applications. Of those approved licenses, 1,775 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 2021, 1,274 licenses were approved that contained parties verified as matches to persons listed on the Consolidated Screening List. For FY 2021, this accounts for 3.6% of all approved licenses. As of September 30, 2021, 164 licenses (12.8%) of these 1,274 licenses approved for proscribed entities had been exported against, while the other 1,110 licenses have not been shipped against.



## DEFENSE 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.

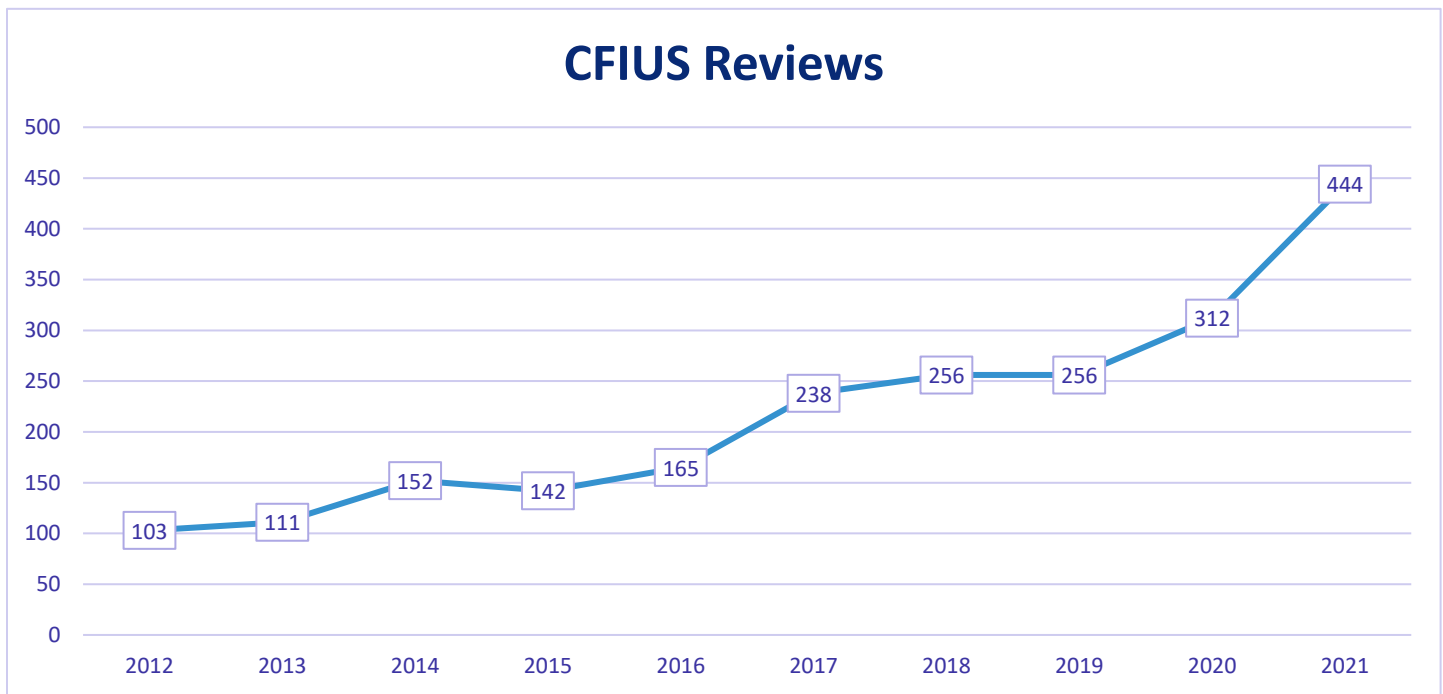
### Administering the Defense Priorities and Allocations System (DPAS)

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 FY 2021, BIS undertook 17 official actions under the DPAS authorizing certain entities to use the DPAS to place priority ratings on contracts in support of national security programs. Among the DPAS actions BIS undertook in FY2021 was granting DPAS rating authorization to the U.S. Forest Service to place DPAS ratings on its contracts to purchase firehoses needed to fight wildfires in the western United States. The U.S. Forest Service was projecting a potential shortfall of firehose because of the intensity of the fire season in 2021 and its sole source supplier of firehose had temporarily shuttered operations because it was unable to obtain a needed resin for its firehoses. As a result of the DPAS authorization, the company was able to restart production and provide over 20,000 feet of firehose to the U.S. Forest Service. President Biden highlighted this use of the DPAS during remarks he made in September 2021 on the Federal response to the wildfires.

## Committee on Foreign Investment in the United States (CFIUS)

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 444 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:

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

BIS deployed a survey to over 3,500 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 part of an effort 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.

## Public Health Industrial Base Assessment

BIS is partnering with the Department of Health and Human Services partners, including the Office of the Assistant Secretary for Preparedness and Response (ASPR) and the Biomedical Advanced Research and Development Authority (BARDA), to conduct a series of public health industrial base assessment starting in FY 2021. BIS will conduct a series of assessments related to U.S. healthcare and public health preparedness and response capabilities. The assessment will be conducted in three phases, focusing on (1) influenza vaccine, (2) Food and Drug Administration-designated essential medicines, and (3) active pharmaceutical ingredients, respectively. These assessments will gather data from U.S.-domiciled organizations affiliated with the U.S. healthcare market. The data will be utilized to assess the health and competitiveness of the U.S. healthcare supply chain network and ensure visibility into the organizations supporting critical U.S. healthcare infrastructure.

## Civil Space Supply Chain Network Assessment

In FY 2021, BIS entered a partnership with the National Aeronautics and Space Administration (NASA), Office of the Administrator (OA) and National Oceanic and Atmospheric Administration (NOAA), National Environmental Satellite, Data, and Information Service (NESDIS), to survey and assess the United States civil space supply chain network. This project is a planned multi-year collaboration that will build upon a substantial record of space sector analysis conducted among BIS, NASA, NOAA-NESDIS, and the broader U.S. Government and serve primarily to evaluate the current health and competitiveness of the civil segment of the U.S. space industrial base, while also informing the planning and execution of the civil space provisions of the 2020 National Space Policy. Year 1 of the joint effort will involve the development of a supplier mailing list comprising the direct and indirect suppliers to NASA and NOAA-NESDIS programs, along with the design and delivery of a comprehensive survey. Roughly 1,000 organizations are expected to be surveyed during the partnership's period of performance.

## Microelectronics Industry Assessment

BIS initiated the National Defense Authorization Act 9904 Microelectronics Industry Assessment in FY 2021. BIS completed a 100-Day Supply Chain Review of semiconductors and advanced packaging that was mandated by Executive Order 14017. As part of the industrial assessment, BIS requested public comments on the Risks in the Semiconductor Supply Chain to support the President's Supply Chain Disruption Task Force and inform the ongoing industrial assessment. Additionally, BIS is conducting an assessment of the critical supply chains supporting the U.S. Information and Communications Technology Industry in support of the President's Supply Chain Disruption Task Force and Executive Order 14017.

## Offsets in Defense Trade

BIS completed its 25th congressionally mandated report on the impact of offsets in defense trade and transmitted it to Congress in July 2021. 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 2021, the Working Group met several times, including with industry, to identify the most pressing offset issues facing U.S. companies.

## Review of Security Cooperation Proposals

BIS reviewed 59 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 41 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 356 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 2021<sup>1</sup>

Sentencing Date	Defendant	Criminal Charges	Criminal Sanctions	Case Details
10/01/20	Mohammad Khazrai Shaneivar	One count of a violation of the International Emergency Economic Powers Act in violation of 50 USC 1705	A \$100,000 criminal fine; a \$2,000,000 or property forfeiture; a \$100 special assessment	Export of industrial goods to Iran via Turkey and United Arab Emirates
10/01/20	IC Link Industries	One count of a violation of the International Emergency Economic Powers Act in violation of 50 USC 1705	A \$200,000 criminal fine; and a \$400 special assessment	Export of industrial goods to Iran via Turkey and United Arab Emirates
10/01/20	Arezo Hashemnejad	One count of aiding and abetting submitting false or misleading export information in violation of 13 USC 305	A \$5,000 criminal fine; and a \$100 special assessment	Export of industrial goods to Iran via Turkey and United Arab Emirates
10/06/20	Joyce Eliabachus	One count of conspiracy to defraud the United States in violation of 18 USC 371	18 months in prison; one year of supervised release; and a \$100 special assessment	Export of aircraft parts to Iran via the United Arab Emirates and Turkey

<sup>1</sup> Information related to three convictions during 2021 are not included in this table due to the information being under seal by the Court.

10/13/20	Saulina Eady	One count of conspiracy to commit mail and wire fraud in violation of 18 USC 1349	36 months in prison; three years of supervised release; forfeiture of \$500 and property; \$640,172.80 in restitution; and a \$100 special assessment	Fraudulently obtained sensitive, export-controlled communications equipment
10/15/20	Luis Sanchez-Peguero	One count of conspiracy in violation of 18 USC 371	12 months and one day in prison; three years of supervised release; and a \$100 special assessment	Export of firearms, ammunition and accessories to Dominican Republic
11/06/20	Victor Manuel Ceballos Polanco	One count of conspiracy to defraud the United States in violation of 18 USC 371	Three years of probation; and a \$100 special assessment	Export of firearms, ammunition and accessories to Dominican Republic
11/24/20	Shawn Tyson	One count of a felon in possession of ammunition in violation of 18 USC 922; and one count of mailing nonmailable firearms in violation of 18 USC 1715	120 months prison Three years of supervised release; a \$5,000 criminal fine; forfeiture of ammunition and firearms parts; and a \$200 special assessment	Transfer of firearms from the State of Georgia to Caribbean Islands through the U.S. Virgin Islands
11/24/20	Natasha France	Two counts of willful transfer, sale of transport of weapons to another unlicensed out-state-person in violation of 18 USC 922; three counts of delivery of firearms to common carrier for shipment without written notice in violation of 18 USC 922; and three counts of mailing nonmailable firearms in violation of 18 USC 1715	41 months in prison; three years supervised release; and a \$800 special assessment	Transfer of firearms from the State of Georgia to Caribbean Islands through the U.S. Virgin Islands



12/09/20	Yang Yang	One count of conspiracy to commit crimes against the United States by causing the submission of false/misleading information through Automated Regulatory Systems and attempting to export/send from the United States merchandise/objects contrary to law or regulation in violation of 18 USC 371; and one count of fraudulently and knowing attempting to export and send, and aid and abet an attempt to export and send from the United States seven inflatable vessels and associated accessories, including eight engines in violation of 18 USC 554 and 2	Time served in prison; two years of supervised release; and a \$200 special assessment	Export of military grade water craft and multi-fuel engines to China
12/10/20	Murat Gonenir	One count of conspiracy to commit mail fraud and wire fraud in violation of 18 USC 1349	41 months in prison; three years of supervised release; \$1,487,000 in restitution; and a \$100 special assessment	Export of controlled technical data and drawings to Turkey
12/11/20	Andrew Hsu	One count of unlawful export information activities and causing an act to be done in violation of 13 USC 305 and 18 USC 2	Three years of probation; a \$10,000 criminal fine; and a \$100 special assessment	Filing false export information for the export of gas flowmeters to Taiwan
12/17/20	Colin Fisher	One count of a violation of the International Emergency Economic Powers Act in violation of 50 USC 1705 and 18 USC 2; and one count of the attempted export of turbine and parts from the United States without a license in violation of 18 USC 554	30 months in prison; a \$5,000 criminal fine; and a \$200 special assessment	Attempted export of turbine and parts to Iran via the United Kingdom
01/06/21	Zaosong Zheng	One count of false statements in violation of 18 USC 1001	Time served (87 days) in prison; three years of supervised release; and a \$100 special assessment	Export of stolen biological materials to China

01/07/21	James Graydon	One count of wire fraud conspiracy in violation of 18 USC 1349 and 3551	3 months in prison (Time served); 2 years of supervised release; and a \$100 special assessment	Conspiracy to defraud export companies purchasing scrap metal for shipment to foreign customers and extortion
01/08/21	Jacques Mathieu	One count of attempted smuggling of firearms from the United States in violation of 18 USC 554	57 months in prison; three years of supervised release; and a \$100 special assessment	Export of firearms and ammunition to Haiti
01/28/21	Avnet Asia PTE Ltd.	One count of conspiring to violate the International Emergency Economic Powers Act in violation of 18 USC 371; and one count of violating the International Emergency Economic Powers Act in violation of 50 USC 1705	A \$1,508,000 criminal fine	Export of power amplifiers to China
02/19/21	Vitali Nilov	One count of conspiracy to unlawfully export rifle-making equipment without a license in violation of 50 USC 4819	Time served in prison; 10 months of supervised release; and a \$100 special assessment	Export of rifle-making equipment to Russia
03/02/21	Jacques Duroseau	One count smuggling goods from the United States in violation of 18 USC 554; one count of conspiracy to violate the Export Control Reform Act, the Arms Export Control Act, and smuggle goods from the United States in violation of 18 USC 371; one count of an Export Control Reform Act violation in violation of 50 USC 4819; one count of an Arms Export Control Act violation in violation of 22 USC 2778	63 months in prison; three years of supervised release; forfeiture of firearms and equipment; and a \$500 special assessment	Export of rifle scopes, firearms, ammunition and body armor to Haiti

03/03/21	Alex Yue	One count of smuggling in violation of 18 USC 554; one count of conspiracy to commit export violations in violation of 50 USC 1705; one count of unlawful exports or attempted unlawful export of U.S.-Origin goods to Hong Kong in violation of 50 USC 1705; and one count of unlawful exports or attempted unlawful exports in violation of 50 USC 1705	Time served in prison; two years of probation; 12 months of home confinement; a \$5,690.67 forfeiture; and a \$400 special assessment	Export of cesium atomic clock to Hong Kong
03/31/21	Zheng Yan	One count of conspiracy to commit crimes against the United States by causing the submission of false/misleading information through automated regulatory systems and attempting to export/send from the United States merchandise/objects contrary to law or regulation in violation of 18 USC 371	Time served in prison; one-year supervised release; and a \$100 special assessment	Export of military grade water craft and multi-fuel engines to China
05/20/21	Norman Cox	One count of mailing of injurious articles in violation of 18 USC 1716	One year of probation; and a \$25 special assessment	Export of small arms primers to Brazil
05/20/21	Patricia Cox	One count of mailing of injurious articles in violation of 18 USC 1716	One year of probation; and a \$25 special assessment	Export of small arms primers to Brazil
05/21/21	Tzvetan Kanev	One count of violating the International Emergency Economic Powers Act in violation of 50 USC 1705	24 months in prison; a \$359,260.92 forfeiture; and a \$100 special assessment	Export of electrical components to Russia via Bulgaria

05/25/21	Gene Shilman	One count conspiracy to export arms, ammunition, articles of war, and certain commerce-controlled good and technology without a license in violation of 18 USC 371	24 months in prison; one year of supervised release; and a \$100 special assessment	Export of firearms components and parts, ammunition, night vision goggles, and bulletproof vests to Ukraine and Russia
05/28/21	Muhammad Mohd Radzi	One count of conspiracy to violate the Arms Export Control Act in violation of 18 USC 371 and 22 USC 2778	5 years of probation; a \$10,000 criminal fine; and a \$100 special assessment	Export of defense articles to Hong Kong
05/28/21	Lionel Chan	One count of conspiracy to violate the Arms Export Control Act in violation of 18 USC 371 and 22 USC 2778	Eight months in prison; three years of supervised release; a \$10,000 criminal fine; and a \$100 special assessment	Export of defense articles to Hong Kong
06/09/21	Tian Min Wu	One count of soliciting and export in violation of the Arms Export Control Act in violation of 22 USC 2778	52 months in prison; three years of supervised release; and a \$100 special assessment	Attempted export of a decoder and modem to China
06/28/21	George Padula	One count of aggravated identity theft in violation of 18 USC 1028; one count of wire fraud conspiracy in violation of 18 USC 1349 and 3551; One count of threatening physical violence in violation of 18 USC 1951	66 months in prison; two years of supervised release; \$559,911.20 in restitution; a \$3,000 forfeiture; and a \$300 special assessment	Conspiracy to defraud export companies purchasing scrap metal for shipment to foreign customers and extortion
06/30/21	Gregori Jerson Mendez Palacios	One count of alien possession of firearms in violation of 18 USC 922; and one count of smuggling goods from the United States in violation of 18 USC 554	87 months in prison; three years of supervised release; and a \$200 special assessment	Export of firearms and ammunition to Venezuela

06/30/21	Luis Patino Linares	One count of alien possession of firearms in violation of 18 USC 922; and one count of smuggling goods from the United States in violation of 18 USC 554	70 months in prison; three years of supervised release; and a \$200 special assessment	Export of firearms and ammunition to Venezuela
07/01/21	Ashraf Taha	One count of false statements in violation of 18 USC 1001	2 years of probation; and a \$100 special assessment	Export of firearms to Iraq
07/14/21	Ge Songtao	One count of conspiracy to commit crimes against the United States by causing the submission of false/misleading information through Automated Regulatory Systems and attempting to export/send from the United States merchandise/objects contrary to law or regulation in violation of 18 USC 371; and one count of fraudulently and knowing attempting to export and send, and aid and abet an attempt to export and send from the United States seven inflatable vessels and associated accessories, including eight engines in violation of 18 USC 554 and 2	42 months in prison; three years of supervised release; a \$50,000 criminal fine; and a \$200 special assessment	Export of military grade water craft and multi-fuel engines to China

07/22/21	Yi-Chi Shih	One count of conspiracy in violation of the International Emergency Economic Powers Act in violation of 50 USC 1705; four counts of mail fraud in violation of 18 USC 1341; two counts of wire fraud and causing an act to be done in violation of 18 USC 1343 and 2; one count of conspiracy to access a protected computer in violation of 18 USC 371 and 18 USC 1030; one count of international promotional money laundering and aiding and abetting in violation of 18 USC 1956 and 2; one count of false statement to government agency in violation of 18 USC 1001; three counts of subscribing to the false tax return on violation of 26 USC 7206; and four counts of concealing a material fact in violation of 18 USC 1001	63 months in prison; 3 years of supervised release; a \$300,000 fine; \$362,698 in restitution; and a \$1,700 special assessment	Export of connectors and custom cable assemblies to China
08/03/21	Bohr-Winn Shih	One count of a violation of the Export Control Reform Act in violation of 50 USC 4819; one count of conspiracy in violation of 18 USC 371; and one count of money laundering in violation of 18 USC 1956	One year of probation; 50 hours of community service; and a \$300 special assessment	Export of chemical photoresist to a listed entity in China
08/09/21	Alfred Lewis	One count of wire fraud conspiracy in violation of 18 USC 1349	3 years of probation; \$100,000 in restitution; and a \$100 special assessment	Conspiracy to defraud export companies purchasing scrap metal for shipment to foreign customers and extortion
08/11/21	Khalid Jarrah	One count of conspiracy in violation of 18 USC 371	15 months in prison; three years of supervised release; and a \$100 special assessment	Illegal possession of firearms

08/26/21	Ali Abdulkareem	One count of failing to file export information in violation of 13 USC 305	6 months in prison; three years of supervised release; forfeiture of seized items; and a \$100 special assessment	Export of firearms parts to Iraq
08/31/21	Kyani Cline	One count of conspiracy to make false statements on form 4472 in violation of 18 USC 371; one count possession with intent to distribute marijuana in violation of 21 USC 841; one count of failure to file Shipper's Declaration in violation of 13 USC 305	24 months in prison; two years of supervised release; and a \$300 special assessment	Export of firearms, ammunition and accessories to the U.S. Virgin Islands
08/31/21	Shamoi Whyte	One count of conspiracy to make false statements on form 4472 in violation of 18 USC 371; one count of unlawful dealing in firearms without a license in violation of 18 USC 922; one count of unlicensed transfer of firearms to a nonresident in violation of 18 USC 922; and one count of possession of a firearm by an unlawful drug user in violation of 18 USC 922	18 months in prison (three months in a halfway house); two years of supervised release; and a \$400 special assessment	Export of firearms, ammunition and accessories to the U.S. Virgin Islands
09/08/21	Shuren Qin	Two counts of smuggling in violation of 18 USC 554; four counts of money laundering in violation of 18 USC 1956; two counts of false statements in violation of 18 USC 1001; one count of conspiracy to commit export violations in violation of 50 USC 1705; and one count of visa fraud in violation of 18 USC 1546	24 months in prison; two years of supervised release; a \$20,000 criminal fine; and a \$1,000 special assessment	Export of hydrophones with military application to a Listed Entity in China

09/14/21	Mehrdad Ansari	One count of conspiracy to commit wire fraud in violation of 18 USC 371; two counts of aiding and abetting the making of false statements in violation of 18 USC 1001 and 2; and one count of conspiracy to defraud the U.S. Department of Treasury in violation of 18 USC 1343 and 1349	63 months in prison; three years of supervised release; and a \$500 special assessment	Export of military sensitive items to Iran
09/14/21	Jahziah Lewis	One count of submitting false export information in violation of 13 USC 305 and 18 USC 2; one count of conspiracy to make false and fictitious written statements to a licensed firearms dealer in violation of 18 USC 371 and 992; one count of possession with intent to distribute marijuana in violation of 21 USC 841; and one count of possession of a firearm with an obliterated serial number in violation of 18 USC 922 and 2	57 months in prison; three years of supervised release; and a \$400 special assessment	Export of weapons and narcotics to the United Kingdom and Caribbean
09/22/21	Oleg Vladislavovich Nikitin	One count of conspiracy in violation of 18 USC 371 and 2	28 months in prison; a \$5,000 criminal fine; and a \$100 special assessment	Attempted export of a power turbine and generator to Russia
09/22/21	KSE Engineering	One count of violation of the Export Control Reform Act in violation of 50 USC 4819	Five years of probation; and a \$400 special assessment	Attempted export of a power turbine and generator to Russia
09/27/21	GVA International Oil and Services	One count of violation of the Export Control Reform Act in violation of 50 USC 4819	Five years of probation; and a \$400 special assessment	Attempted export of a power turbine and generator to Russia
09/30/21	Shunquez Stevens	One count of conspiracy to defraud the United States in violation of 18 USC 371	Three years of probation; and a \$100 special assessment	Export of firearms to Barbados



Table 2

## Administrative Cases during FY 2021

Order Date	Respondent	Case Details	Provision Violated [# of violations]	Penalty
10/26/20	Jimmy Joseph	Underlying criminal conviction for violating 18 U.S.C. § 371 and 18 U.S.C. § 554 (a) by conspiring to illegally export and send firearms and ammunition from the United States to Haiti without having obtained the required authorization, license, or approval, in violation of 18 U.S.C. § 371; and for fraudulently and knowingly exporting, sending, and attempting to export AR-15 Type Rifles, Glock semi-automatic pistols, and ammunition from the United States to Haiti, in violation of 18 U.S.C. § 554(a).	18 U.S.C. § 371 18 U.S.C. § 554(a)	Export privileges denied until May 22, 2026, under the Export Control Reform Act of 2018 (ECRA). (7 years)

10/26/20	Junior Joel Joseph	Underlying criminal conviction for violating 18 U.S.C. § 371, Section 38 of the AECA, Sections 1702 and 1705 of IEEPA and 18 U.S.C. § 554(a) by conspiring to illegally export and send firearms and ammunition from the United States to Haiti without having obtained the required authorization, license, or approval, in violation of 18 U.S.C. § 371; of knowingly and willfully exporting and causing to be exported from the United States to Haiti, defense articles, AR-15 Type Rifles, Glock semi-automatic pistols, and ammunition, without first having obtained the required authorization from the U.S. Department of State, in violation of Section 38 of the AECA; of knowingly and willfully exporting and causing to be exported from the United States to Haiti, Standard Manufacturing Model DP-12 shotguns and Rossi Model ST12 shotguns with a barrel length in excess of eighteen (18) inches, without first having obtained the required authorization from the U.S. Department of Commerce, in violation of IEEPA; and of fraudulently and knowingly exporting, sending, and attempting to export AR-15 Type Rifles, Glock semi-automatic pistols, and ammunition from the United States to Haiti, in violation 18 U.S.C. § 554 (a).	18 U.S.C. § 371 Section 38 of the AECA Sections 1702 and 1705 of IEEPA 18 U.S.C. § 554(a)	Export privileges denied until April 12, 2026, under the Export Control Reform Act of 2018 (ECRA). (7 years)
10/30/20	Abdul Majid Saidi	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	Export privileges denied until March 13, 2026, under the Export Control Reform Act of 2018 (ECRA). (7 years)

10/30/20	Patrick Germain	Underlying criminal conviction for violating 18 U.S.C. § 554(a) by knowingly and fraudulently attempting to export firearms and ammunition from the United States to Haiti, contrary to the laws and regulations of the United States.	18 U.S.C. § 554(a)	Export privileges denied until May 16, 2029, under the Export Control Reform Act of 2018 (ECRA). (10 years)
10/30/20	Oswaldo Sanchez	Underlying criminal conviction for violating 18 U.S.C. § 554(a) by knowingly facilitating the transportation and concealment and aiding and abetting the facilitation and attempted facilitation of a .50 caliber rifle from the United States to Mexico.	18 U.S.C. § 554(a)	Export privileges denied until February 14, 2029, under the Export Control Reform Act of 2018 (ECRA). (10 years)

11/24/20	<p>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</p>	<p>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.</p>		<p>TDO renewed for 180 days.</p>
01/25/21	<p>Issam Hamade</p>	<p>Underlying criminal conviction for violating 18 U.S.C. § 371 by conspiring to export parts and technology from the United States to Lebanon, and specifically to Hizballah, for among other purposes, inclusion in unmanned aerial vehicles, without obtaining the required export licenses under the Export Administration Regulations or under the International Traffic in Arms Regulations.</p>	<p>18 U.S.C. § 371</p>	<p>Export privileges denied until April 27, 2030, under the Export Control Reform Act of 2018 (ECRA). (10 years)</p>

01/25/21	Irma Lizette Trevizo	Underlying criminal conviction for violating 18 U.S.C. § 371 by knowingly and willfully conspiring to smuggle firearms and ammunition from the United States to Mexico.	18 U.S.C. § 371	Export privileges denied until April 30, 2029, under the Export Control Reform Act of 2018 (ECRA). (10 years)
01/27/21	Julian Demurjian	Caused, aided or abetted violations committed in connection with the export of networking equipment destined for Russia by providing false information to the freight forwarder and thereby caused the filing of Electronic Export Information (“EEI”) in the Automated Export System with false (undervalued) item valuations; failed to file required EEI. The items were controlled under Export Control Classification Numbers 5A002, 5D002, and 5A999 for National Security, Encryption, and Anti-Terrorism reasons, and valued in total at approximately \$574,000.	764.2(b)[7]	Settlement Agreement – civil penalty of \$540,000, with an out-of-pocket payment of \$60,000, and the remaining \$480,000 suspended for two years; also subject to a two-year suspended denial.
01/29/21	Avnet Asia Pte., Ltd.	Exported and reexported various electronic components, including items controlled for national security (NS), anti-terrorism (AT) reasons, and valued at approximately \$1,222,006, to China and Iran, and routed through Hong Kong and Singapore with knowledge that violations would occur and without the required licenses.	764.2(e)[51] 764.2(a)[2]	Settlement Agreement – civil penalty of \$3,229,000, with an out-of-pocket payment of \$1,721,000 and the remaining \$1,508,000 suspended for two years; also subject to a two-year suspended denial. As a part of the global settlement with DOJ, Avnet Asia signed a non-prosecution agreement and paid a criminal fine of \$1,508,000.

02/02/21	Princeton University	Exported various strains and recombinants of an animal pathogen, items controlled for Chemical and Biological Weapons reasons, and valued in total at approximately \$27,000, from the United States to various overseas research institutions, without the required BIS licenses. Export Control Classification Number ("ECCN") 1C351, 1C352 or (C353).	764.2(a)[37]	Settlement Agreement - civil penalty of \$54,000; complete one external audit and one internal audit of its export controls compliance program and complete two reports describing its compliance enhancements.
02/19/21	Siddharth Bhatt	Underlying criminal conviction for violating IEEPA by willfully exporting and attempting to export and causing to be exported a U.S.-origin thermal imaging camera from the United States to the UAE, without having first obtained the required license from the U. S. Department of Commerce.	Section 1705 of IEEPA	Export privileges denied until September 16, 2030, under the Export Control Reform Act of 2018 (ECRA). (10 years)
02/19/21	Jesse Rodriguez	Underlying criminal conviction for violating 18 U.S.C. § 554(a) by fraudulently and knowingly facilitating the transportation, concealment, and sale of merchandise, including .223 and 7.62 caliber ammunition, which are defense articles as defined under the United States Munitions List.	18 U.S.C. § 554(a)	Export privileges denied until January 16, 2024, under the Export Control Reform Act of 2018 (ECRA). (5 years)
02/19/21	Fahad Saleem Kharbey	Underlying criminal conviction for violating 18 U.S.C. § 554(a) by fraudulently and knowingly exporting firearms and magazines, designated as defense articles on the United States Munitions List, from the United States to Dubai, United Arab Emirates, without having first obtained a license or other approval from the United Department of State.	18 U.S.C. § 554(a)	Export privileges denied until May 31, 2026, under the Export Control Reform Act of 2018 (ECRA). (7 years)

03/05/21	MSI Aircraft Maintenance Services International GmbH & Co.	Conspired to export U.S.-origin aircraft parts, namely, reservoirs and valves assemblies, items subject to the Regulations, and valued at approximately \$51,921, to Iran (Mahan Air) via transshipment through Germany. (EAR99)	764.2(d) [1]	Settlement Agreement – civil penalty of \$51,921; 3-year suspended denial period of export privileges, including terms for cooperation with BIS and the Office of Foreign Assets Control (“OFAC”).
03/05/21	Alexander Brazhnikov	Conspired to export U.S.-origin electronic components to the All-Russian Scientific Research Institute of the Technical Physics ("VNIITF"), a party on the BIS Entity List based in Russia, without the required BIS licenses. (EAR99)	764.2(d) [1]	Final Order issued by the Under Secretary imposing a 15-year denial of export privileges. (Litigated Case) Brazhnikov was previously sentenced to 70 months of confinement and to forfeit \$65 million as part of the criminal plea agreement.
03/18/21	Comtech Xicom Technology, Inc.	Exported traveling wave tubes, controlled for national security reasons and valued at approximately \$153,945 to Russia, United Arab Emirates, and Brazil without the required licenses or authorization. (ECCN 3A001.b)	764.2(a) [3]	Settlement Agreement – civil penalty of 122,000.
03/25/21	Jean Baptiste Kingery	Underlying criminal conviction for violating Section 38 of the AECA by knowingly and willfully attempting to export from the United States to Mexico, MK-II, M-67, M-61 Grenade Shells, M213, M228 Detonating Fuse, Winchester .45 Caliber 230 FMJ ammunition and Speer Lawman .380 Caliber ammunition, 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 20, 2023, pursuant to Section 766.25 of the Export Administration Regulations (EAR). (7 years)

03/25/21	Claudia Guerra	Underlying criminal conviction for violating Section 38 of the AECA by knowingly and willfully attempting to export from the United States to Mexico, 18 boxes of 1,020 rounds of 7.62 x 39mm caliber ammunition which 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 February 12, 2029, under the Export Control Reform Act of 2018 (ECRA). (10 years)
03/25/21	Mark Hammond	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 Mexico, five (5) AK-47 Draco Mini Pistols, and five (5) 30 round firearms magazines 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 October 3, 2023, pursuant to Section 766.25 of the EAR. (7 years)
03/25/21	Luis Felipe Varela	Underlying criminal conviction for violating 18 U.S.C. § 554(a) by fraudulently and knowingly attempting to export from the United States to Mexico two FN M249S, 5.56 caliber rifles, which are designated as defense articles on the United States Munitions List.	18 U.S.C. § 554(a)	Export privileges denied until January 28, 2024, under the Export Control Reform Act of 2018 (ECRA). (5 years)
03/25/21	Alonso Gonzalez-Granados	Underlying criminal conviction for violating 18 U.S.C. § 554(a) by knowingly, fraudulently, and intentionally exporting and unlawfully sending from the United States, and attempting to export and send from the United States, fifty (50) rifle magazines and two (2) boxes of ammunition.	18 U.S.C. § 554(a)	Export privileges denied until March 8, 2024, under the Export Control Reform Act of 2018 (ECRA). (5 years)



04/15/21	Harsimran Singh and Panther Trading Company, Inc.	Exported various crime control items, including handcuffs and legcuffs, stun guns and collapsible batons, valued at approximately \$45,000, to Mexico, Nigeria and the Dominican Republic without BIS authorization. (ECCNs 0A982, 0A985, 0A978)	764.2(a) [3] 764.2(b) [1]	Settlement Agreement - civil penalty of \$42,000, for which Harsimran Singh and Panther Trading Company, Inc. are jointly and severely liable; \$29,500 shall be suspended for a period of one year.
04/29/21	SAP SE	Unlicensed downloads of encryption software and maintenance agreements for that software to users in Iran. The items are controlled for National Security, Anti-terrorism and Encryption Items reasons, and valued at approximately \$4.91 million. (EAR99 and 5D002.c.1)	764.2(a) [1]	Settlement Agreement – civil penalty of \$3,290,000; complete three internal audits of its export control compliance program. Global settlement with OFAC and DOJ (non-prosecution agreement).
04/29/21	FLIR Systems Inc.	Made false or misleading representations to and concealment of material facts from the U.S. government in the course of a commodity jurisdiction request and related BIS commodity classification.	764.2(g) [2]	Settlement Agreement – civil penalty of \$307,922; complete two internal audits of its export controls compliance program.
04/30/21	Abel Hernandez, Jr.	Underlying criminal conviction for violating 18 U.S.C. § 554(a) by fraudulently and knowingly exporting and sending or attempting to export and send from the United States to Mexico, 2,080 rounds of 7.62X39mm caliber ammunition.	18 U.S.C. § 554(a)	Export privileges denied until August 29, 2029, under the Export Control Reform Act of 2018 (ECRA). (10 years)

04/30/21	Sergio Daniel Serrano-Lopez	Underlying criminal conviction for violating 18 U.S.C. § 554(a) by fraudulently and knowingly exporting and sending, or attempting to export and send from the United States to Mexico, 4,500 rounds of 7.62x39mm caliber ammunition; 500 rounds of .38 Super caliber ammunition; one Glock .40 caliber magazine; three .38 Super caliber magazines; three MGB .380 caliber magazines; three 9mm Luger caliber magazines; one Ruger .223 caliber magazine; and three Ruger 7.62x39mm caliber magazines.	18 U.S.C. § 554(a)	Export privileges denied until August 30, 2029, under the Export Control Reform Act of 2018 (ECRA). (10 years)
04/30/21	Mehmet Hakan Atilla	Underlying criminal conviction for violating IEEPA by knowingly and willfully conspiring with others known and unknown to provide financial services to Iran and to the Government of Iran, without obtaining the required approval from the Office of Foreign Assets Control.	Section 1705 of IEEPA	Export privileges denied until May 16, 2028, pursuant to Section 766.25 of the Export Administration Regulations (EAR). (10 years)
04/30/21	21 MDA Precision LLC	Sold and transferred a five-axis bench top milling machine, controlled for Nuclear Nonproliferation and Anti-Terrorism reasons, and valued at approximately \$34,000, from the United States to the UAE, without the required BIS license, with knowledge that a violation of the Regulations had occurred, was occurring or about to occur. (ECCN 2B201)	764.2(e) [1]	Settlement Agreement – civil penalty of \$60,000, of which \$35,000 is suspended; complete an export compliance course.
05/03/21	Kleiss & Co. BV	Exported and attempted to export EAR99 extruded butyl sealants, valued at approximately \$20,951, to Iran via Dubai with knowledge or reason to know that a violation of the Regulations had occurred, was occurring or about to occur.	764.2(e) [2]	Settlement Agreement - civil penalty of \$60,000; two-year suspended denial of export privileges.

05/17/21	TeleDynamics LLC	Caused, aided, or abetted the export of rifle scopes, items controlled for Crime Control reasons, and valued at approximately \$1,047, to Russia and Ukraine without the required licenses. (ECCN 0A987)	764.2(b) [10]	Settlement Agreement – civil penalty of \$55,000.
05/21/21	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 reexport and attempted or intended reexport 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.

05/24/21	Behzad Pourghannad	Underlying criminal conviction for violating IEEPA by conspiring to unlawfully export carbon fiber from the United States to Iran without having first obtained the required U.S. Government authorization.	Section 1705 of IEEPA	Export privileges denied until November 13, 2029, under the Export Control Reform Act of 2018 (ECRA). (10 years)
05/27/21	Chris Rodriguez	Underlying criminal conviction for violating Section 38 of the AECA by willfully attempting to export, exporting and causing to be exported from the United States to San Pedro Sula, Honduras, defense articles, that is 27 firearms and hundreds of rounds of ammunition, which were and are designated as defense articles on the United States Munitions List, without having first obtained from the Department of State, a license for such exports or written authorization for such exports.	Section 38 of the AECA	Export privileges denied until October 18, 2026, under the Export Control Reform Act of 2018 (ECRA). (7 years)
05/28/21	Alsima Middle East General Trading LLC, also known as Al Sima Middle East General Trading LLC.	Made false statements on the license application regarding end use and ultimate destination of nickel powder controlled for Nuclear Proliferation and Anti-Terrorism reasons and valued at approximately \$3,000, for the export to the United Arab Emirates. (ECCN 1C240)	764.2(g) [1] 764.2(a) [1]	Settlement Agreement (after filing of charging letter) – civil penalty of \$25,000 of which \$12,500 is suspended.
05/28/21	Photonics Industries International, Inc.	Exported and attempted to export laser systems and related equipment controlled for National Security and Anti-Terrorism reasons to entities in China and Taiwan without the required licenses. (ECCN 6A005.b.6 and EAR99)	764.2(a) [4] 764.2(c) [1]	Settlement Agreement – civil penalty of \$350,000, of which \$300,000 is suspended.

06/17/21	USGoBuy, LLC	Exported riflescopes, items controlled for Crime Control reasons, and valued at approximately \$1229.26, to China and the UAE, without seeking or obtaining the licenses required for these exports. (ECCN 0A987)	764.2(a) [2]	Settlement Agreement - civil penalty of \$20,000, with \$15,000 suspended, and a 3-year suspended denial order, along with the development of an effective compliance program and related audit requirement.
06/23/21	Skyline USA, Inc.	Exported stun guns, police batons, handcuffs, and/or pepper spray, items controlled for Crime Control reasons and valued at \$50,664, to Colombia, Guatemala, Mexico, Nigeria, Pakistan, Panama, Trinidad and Tobago, or Uruguay without the required BIS licenses; failed to comply with recordkeeping requirements. (ECCNs 0A978, 0A982, 0A985, 1A984)	764.2(a) [15] 764.2(i) [1]	Settlement Agreement (case was settled after the filing of charging letter and the Administrative Law Judge's issuance of a Recommended Decision and Order); Final order issued by the Acting Under Secretary imposing a civil penalty of \$140,000 of which \$130,000 is suspended for 2 years (\$10,000 out-of-pocket penalty).
06/28/21	Patriot 3, Inc.	Sold and transferred maritime jet boots with underwater propulsion systems ("JetBoots"), controlled for Anti-terrorism reasons and valued in total at approximately \$329,760, to military end users in Russia with knowledge that a violation of the Regulations had occurred or was about or intended to occur. (ECCN 8A992)	764.2(e) [1]	Settlement Agreement – civil penalty of \$200,000.
07/12/21	Alfa Laval Inc. and Alfa Laval Middle East Ltd.	Exported Gamajet machines, valued at approximately \$18,585, to Iran with knowledge that a violation had occurred or about to occur or intended to occur. (EAR99)	764.2(e) [1]	Settlement Agreement – civil penalty of \$215,000

08/10/21	Armando Antonio Perez Cepeda, Jr.	Underlying criminal conviction for violating 18 U.S.C. § 554(a) by fraudulently and knowingly buying, selling, and facilitating the transportation and sale of a defense article without a license contrary to 22 U.S.C. § 2278 and 22 C.F.R. § 127.1(a)(1), knowing the same to be intended for exportation.	18 U.S.C. § 554(a)	Export privileges denied until January 10, 2022, under the Export Control Reform Act of 2018 (ECRA). (3 years)
08/10/21	Matteo Taerri a/k/a Majid Taheri	Underlying criminal conviction for violating IEEPA by knowingly and willfully attempting to export a United States origin item from the United States to the Islamic Republic of Iran, that being a Prostak Filter Module, without having first obtained the required authorization from the United States Department of Treasury's Office of Foreign Assets Control.	Section 1705 of IEEPA	Export privileges denied until June 4, 2030, under the Export Control Reform Act of 2018 (ECRA). (10 years)
08/10/21	Oben Cabalceta	Underlying criminal conviction for violating 18 U.S.C. § 371 by knowingly and intentionally conspiring and agreeing with others to export and causing to be exported ITAR controlled technical data, designated as defense articles on the United States Munitions List, to one or more foreign nationals, without having first obtained from the United States Department of State, a license or other written approval for such export.	18 U.S.C. § 371	Export privileges denied until September 18, 2029, under the Export Control Reform Act of 2018 (ECRA). (10 years)
08/10/21	Roger Sobrado	Underlying criminal conviction for violating 18 U.S.C. § 371 by knowingly and intentionally conspiring and agreeing with others to export and causing to be exported ITAR-controlled technical data, designated as defense articles on the United States Munitions List, to one or more foreign nationals, without having first obtained from the United States Department of State, a license or other written approval for such export.	18 U.S.C. § 371	Export privileges denied until September 5, 2029, under the Export Control Reform Act of 2018 (ECRA). (10 years)

08/16/21	Dynatex International	Conspired to export semiconductor manufacturing equipment, specifically a DTX-150 MOB scribe and break tool and associated consumables and accessories, items designated EAR99 and valued at approximately \$234,530, to Chengdu GaStone Technology Company (CGTC), a.k.a. Chengdu HiWafer Semiconductor, and China Electronics Technology Group Corporation 55th Research Institute (CETC 55), entities on BIS's Entity List, without the required license from the U.S. Department of Commerce. (EAR99)	764.2(d) [1]	Settlement Agreement – civil penalty of \$469,060, of which \$419,060 is suspended.
08/30/21	Luis Lopez	Underlying criminal conviction for violating 18 U.S.C. § 554(a) by fraudulently and knowingly exporting and sending or attempting to export and send from the United States to Mexico, five (5) AK-47 semiautomatic rifles.	18 U.S.C. § 554(a)	Export privileges denied until December 17, 2029, under the Export Control Reform Act of 2018 (ECRA). (10 years)
08/30/21	Akeem Shonari Awer	Underlying criminal conviction for violating Section 38 of the AECA by knowingly and willfully attempting to export firearms and ammunitions from the United States to Barbados without having first obtained the required licenses or written approval from the United States Department of State.	Section 38 of the AECA	Export privileges denied until February 14, 2030, under the Export Control Reform Act of 2018 (ECRA). (10 years)
09/08/21	Anastacio San Miguel-Padron	Underlying criminal conviction for violating 18 U.S.C. § 554(a) by fraudulently and knowingly exporting and sending or attempting to export or send from the United States to Mexico, approximately 850 rounds of .38 super caliber ammunition, 200 rounds of .40 caliber ammunition, 50 rounds of 9mm caliber ammunition and one 7.62 x 39mm drum magazine.	18 U.S.C. § 554(a)	Export privileges denied until February 6, 2027, under the Export Control Reform Act of 2018 (ECRA). (7 years)

09/08/21	Samy Jecrois	Underlying criminal conviction for violating 18 U.S.C. § 554(a) by knowingly attempting to export and send from the United States to Haiti a firearm.	18 U.S.C. § 554(a)	Export privileges denied until February 1, 2024, under the Export Control Reform Act of 2018 (ECRA). (5 years)
09/08/21	Eli Ramirez-Rios	Underlying criminal conviction for violating 18 U.S.C. § 554(a) by knowingly exporting and sending or attempting to export and send from the United States to Mexico, a firearm, namely, a Palmetto State Armory Build the Wall 10, AR-10 rifle with an obliterated serial number.	18 U.S.C. § 554(a)	Export privileges denied until February 26, 2027, under the Export Control Reform Act of 2018 (ECRA). (7 years)
09/08/21	Katherine O'Neal	Underlying criminal conviction for violating 18 U.S.C. § 554(a) by fraudulently and knowingly exporting firearms from the United States to the Dominican Republic.	18 U.S.C. § 554(a)	Export privileges denied until August 30, 2025, under the Export Control Reform Act of 2018 (ECRA). (7 years)
09/08/21	Rrok Martin Camaj	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 Australia, that is pistol frames/receivers, magazines, pistols kits, and other firearm parts, which were defense articles on the United States Munitions List, without having first obtained from the United States Department of State, a license or other written approval for such export.	Section 38 of the AECA	Export privileges denied until February 28, 2030, under the Export Control Reform Act of 2018 (ECRA). (10 years)



09/08/21	Tengiz Sydykov	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 Grozny, Chechnya, Russia defense articles, that is: 7 assembled firearms, 130 fully assembled lower receivers, 266 firearm slides, 158 firearm barrels, 996 firearm magazines, 10 stocks, 133 firearm frames and 453 functional firearms including springs and firing pins, which were designated as defense articles on the United States Munitions List, without having first obtained the required licenses or written approval from the United States Department of State.	Section 38 of the AECA	Export privileges denied until January 11, 2029, under the Export Control Reform Act of 2018 (ECRA). (10 years)
09/09/21	Andy Lloyd Huebschmann	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 Australia defense articles, that is a rifle kit including a Model GA 9mm lower receiver, upper receiver, barrel, trigger control group, bolt carrier, and pistol grip, which were and are designated as defense articles on the United States Munitions List, without having first obtained from the Department of State a license for such export or written authorization for such export.	Section 38 of the AECA	Export privileges denied until December 13, 2029, under the Export Control Reform Act of 2018 (ECRA). (10 years)
09/28/21	Silicon Space Technology Corporation, d/b/a Vorago Technologies, Inc.	Conspired to export radiation hardened 16Mb Static Random-Access Memory (SRAM) wafers to Russia, through MTIG, a Bulgarian company, without a license. (ECCN 9A515.e.1)	764.2(d) [1]	Settlement Agreement – civil penalty of \$497,000, of which \$247,000 is suspended; suspended export denial until September 22, 2023.

## Appendix B: Summaries of Antiboycott Cases and Boycott Requests

Table 1

Summary of Antiboycott Cases in FY 2021

Company Name & Location	Date Order Signed	Alleged Violations of EAR <sup>2</sup>	Settlement Amount
Mediterranean Shipping Company (USA) Inc. (Chicago, OL)	01/13/21	8 x 760.2(d) - Furnishing information about business relationships with boycotted countries or black- listed persons  2 x 760.5 - Failure to report receipt of a boycott request	\$81,000
Medtronic Mediterranean SAL (Beirut, Lebanon)	09/30/21	11 x 760.5 - Failure to report receipt of a boycott request	\$13,750

Table 2

## Boycott Requests Reported to the Office of Antiboycott Compliance FY 2021

Country	Prohibited Boycott Requests	Permissible Boycott-Related Requests	Amended Boycott Requests	Boycott Exceptions	Totals
Algeria	0	0	0	4	4
Bahrain	5	0	0	0	5
Iraq	45	0	0	3	48
Jordan	0	0	0	0	0
Kuwait	7	1	0	4	12
Lebanon	1	0	0	0	1
Libya	1	4	0	1	6
Oman	2	6	1	1	10
Qatar	13	38	1	39	91
Saudi Arabia	18	2	2	2	24
Syria	0	0	0	0	0
United Arab Emirates	39	54	9	42	144
Yemen	0	0	0	0	0
Total (Arab League Members)	131	105	13	96	345
Bangladesh	7	14	3	69	93
Iran	0	0	0	0	0
Malaysia	2	1	0	2235	2238
Nigeria	0	0	0	0	0
Pakistan	3	0	0	72	75
	12	5	0	11	28
Total (All countries & Arab League members)	155	125	16	2483	2779

**Antiboycott Glossary:**

**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: FY2021 Chronological Listing of Actions

October 5, 2020: Commerce implements multilateral controls on six recently developed or developing technologies, which were identified by the Wassenaar Arrangement (WA) December 2019 WA Plenary Meeting in a manner contemplated by the Export Control Reform Act of 2018 (ECRA) to identify emerging technologies that are essential to U.S. national security.

October 6, 2020: Commerce clarifies to the exporting community that licensing decisions are based in part upon U.S. Government assessments of whether items may be used to engage in, or enable violations or abuses of, human rights including those involving censorship, surveillance, detention, or excessive use of force.

October 6, 2020: Commerce amends the EAR to impose a license requirement on exports and reexports of water cannon systems for riot or crowd control and parts and components specially designed therefor. This action furthers U.S. foreign policy interests for crime control (CC) reasons and is intended to address the spread of violations of human rights globally.

October 9, 2020: Commerce removes forty persons from the Unverified List (“UVL”) and adds twenty-six persons to the UVL.

October 29, 2020: Commerce amends the EAR to revise the license review policy for items controlled for national security reasons destined to the People’s Republic of China (PRC), Venezuela, or the Russian Federation (Russia).

November 6, 2020: Commerce adds a new Export Control Classification Number (ECCN), 2D352, to control “software” capable of being used to operate nucleic acid assemblers and synthesizers controlled under ECCN 2B352 for the purpose of generating pathogens and toxins without the need to acquire controlled genetic elements and organisms.

November 18, 2020: Commerce amends and clarifies certain provisions of the EAR to promote compliance with existing EAR requirements and implement the export enforcement portions of the Export Control Reform Act of 2018 (ECRA).

December 14, 2020: Commerce publishes an interim final rule (85 FR 81060) addressing the need for and implementation of the General Approved Exclusions (GAE) process, adding 123 General Approved Exclusions (GAEs) to the regulations. The interim final rule also added a new

certification requirement for volumes requested. Additionally, the term “immediately,” is retained but language has been modified to apply the same time standard to U.S. objectors and foreign suppliers for when the steel or aluminum articles need to be provided to the exclusion requester.

December 22, 2020: Commerce amends the EAR by adding seventy-seven entities, under a total of seventy-eight entries, under the destinations of the People’s Republic of China (China), Bulgaria, France, Germany, Hong Kong, Italy, Malta, Pakistan, Russia, and the United Arab Emirates (U.A.E.).

December 23, 2020: Commerce amends the EAR by adding a new ‘Military End User’ (MEU) List that includes the first tranche of entities. This final rule adds one hundred and three ‘military end users’ to the MEU List consisting of fifty-eight under China and forty-five under Russia. However, the establishment of the MEU List does not imply that other parties, not included on the list, are not subject to the ‘military end-use’ and ‘military end user’ controls under the EAR.

December 23, 2020: Commerce amends the EAR to remove the People’s Republic of China (PRC or China) Special Administrative Region of Hong Kong from the list of destinations in the EAR.

December 28, 2020: Commerce amends the EAR to revise the Country Group designations for Ukraine, Mexico, and Cyprus. Specifically, in this rule, BIS moves Ukraine from Country Group D to Country Group B and adds Mexico and Cyprus in Country Group A:6.

January 6, 2021: Commerce amends the EAR to add Software Specially Designed to Automate the Analysis of Geospatial Imagery to the 0Y521 Temporary Export Control Classification Numbers (ECCN) Series as 0D521.

January 7, 2021: Commerce amends the Chemical Weapons Convention Regulations (CWCR) and the EAR to reflect recent additions to Schedule 1(A) of the Annex on Chemicals to the Convention on the Prohibition of the Development, Production, Stockpiling and Use of Chemical Weapons and on Their Destruction, also known as the Chemical Weapons Convention (CWC).

January 7, 2021: Commerce amends the EAR to clarify the scope of the export controls that apply to certain vaccines, consistent with the vaccine release (i.e., exclusion) note contained in the Australia Group (AG) “Human and Animal Pathogens and Toxins for Export Control” common control list.

January 11, 2021: Commerce amends the EAR by removing three persons from the Unverified List (UVL).

January 12, 2021: Commerce amends the EAR licensing review policy with respect to certain Unmanned Aerial Systems that are controlled for Missile Technology (MT) reasons.

January 15, 2021: Commerce adds one entity to the Entity List under the destination of the People's Republic of China (China). In addition, this final rule amends the EAR by adding one entity to the Military End-User (MEU) List. Lastly, this final rule removes two entities from the MEU List to remove a duplicate listing.

January 15, 2021: Commerce adds license requirements for exports, reexports, and transfers (in-country), as well as specific activities of U.S. persons, in connection with certain military-intelligence end uses and end users; clarifying that license requirements under the EAR for specific activities of U.S. persons apply even when the items at issue are not subject to the EAR; establishing restrictions on transactions intended to circumvent license requirements for listed entities; and expanding the scope of activities subject to chemical and biological weapons and rocket systems and unmanned aerial vehicles end-use controls.

January 19, 2021: Commerce amends the EAR to implement the rescission of Sudan's designation as a State Sponsor of Terrorism (SSOT). The Secretary of State rescinded this designation effective December 14, 2020, in accordance with established statutory procedures.

February 18, 2021: BIS adopts a more restrictive license application review policy of presumption of denial of items requiring a license for export and reexport to Burma's Ministry of Defense, Ministry of Home Affairs, armed forces, and security services and suspends the use of certain license exceptions that would otherwise generally be available to Burma as a result of its Country Group placement in the EAR.

March 4, 2021: Commerce adds fourteen entities to the Entity List under the destinations of Germany, Russia, and Switzerland. This rule also corrects six existing entries to the Entity List, one under the destination of Germany and the other five under the destination of China.

March 8, 2021: Commerce applies more restrictive treatment to exports and reexports to, and transfers within, Burma of items subject to the EAR. This action advances the U.S. Government's efforts to reduce the availability of items to Burma's military and security services.

March 8, 2021: Commerce amends the EAR to further implement U.S. sanctions on selected Burmese government ministries and related enterprises. Specifically, BIS amends the EAR by adding four entities to the Entity List under the destination of Burma.

March 18, 2021: Commerce informs the public that, consistent with BIS's implementation of the CBW Act sanctions, certain license exceptions will be suspended for use with national security-controlled items

destined for Russia, and most license applications for exports or reexports of national security-controlled items destined for Russia will be reviewed under a presumption of denial.

March 29, 2021: Commerce implements changes to the Wassenaar Arrangement List of Dual-Use Goods and Technologies (WA List) that were decided upon by governments participating in the WA on Export Controls for Conventional Arms and Dual-Use Goods and Technologies at the December 2019 WA Plenary meeting.

April 9, 2021: Commerce adds seven entities to the Entity List under the destination of the People's Republic of China (China).

April 9, 2021: Commerce adds Burma to the list of countries subject to military-intelligence-related controls that were added by the prior rule. This action strengthens sanctions on Burma that were imposed on March 8, 2021, in response to a February 1, 2021 military coup.

June 1, 2021: Commerce notifies the public concerning the transfer of jurisdiction of certain “software” and “technology” as a result of action by the Court of Appeals for the Ninth Circuit vacating a March 6, 2020, preliminary injunction by the district court in Washington v. U.S. Dep’t of State, No. 20–35391, 2021 WL 1621320, 2021 U.S. App. LEXIS 12448 (9th Cir. Apr. 27, 2021).

June 1, 2021: Commerce adds eight entities to the Entity List under the destinations of Pakistan and the United Arab Emirates (UAE). This rule removes one entity under the destination of Pakistan. This rule also revises two existing entries and corrects one existing entry on the Entity List under the destination of China and removes one entity from and revises one existing entry on the Military End-User (MEU) List under the destination of China.

June 9, 2021: Commerce amends its regulations to reflect the formal termination by the United Arab Emirates (UAE) of its participation in the Arab League Boycott of Israel.

June 16, 2021: Commerce removes one entity located under two entries from the Entity List under the destinations of France and the United Arab Emirates (UAE).

June 24, 2021: Commerce adds five entities to the Entity List under the destination of the People's Republic of China (China).

July 6, 2021: Commerce adds four entities to the Entity List under the destination of Burma.



July 12, 2021: Commerce adds thirty-four entities under forty-three entries to the Entity List under the destinations of Canada; People's Republic of China (China); Iran; Lebanon; Netherlands (The Netherlands); Pakistan; Russia; Singapore; South Korea; Taiwan; Turkey; the United Arab Emirates (UAE); and the United Kingdom. This final rule also removes one entry from the Entity List under the destination of Germany. This final rule removes one entity from the Unverified List, as a conforming change to this same entity being added to the Entity List. In addition, this final rule amends the EAR by adding one entity to the Military End-User (MEU) List under the destination of Russia.

July 19, 2021: Commerce adds six entities to the Entity List under the destination of Russia, and consistent with Executive Order 14024, Blocking Property With Respect To Specified Harmful Foreign Activities of the Government of the Russian Federation, issued on April 15, 2021.

August 18, 2021: Commerce corrects and clarifies the January 23 companion rule to the State Department rule revising Categories I (firearms, close assault weapons and combat shotguns), II (guns and armaments), and III (ammunition/ordnance) of the United States Munitions List (USML) and transfer of items that no longer warrant control on the USML in the International Traffic in Arms Regulations (ITAR) to the Commerce Control List (CCL). The changes made in this final rule are intended to make the requirements easier to understand, interpreted consistently, and in accordance with the intent of the Commerce January 23 rule.

**####END OF REPORT####**