



STATEMENT OF THE SECRETARY AND UNDER SECRETARY

It is our pleasure and privilege to present this report on the activities of the Department of Commerce's Bureau of Industry and Security (BIS) during Fiscal Year 2004.

In the three years since the tragic events of September 11, 2001, the continuing global war on terrorism has reminded all Americans that trade and security are closely intertwined. Indeed, effective security provides the necessary foundation for legitimate trade to flourish. With the passage of United Nations Security Council Resolution 1540 in April 2004, the international community has joined that consensus with a call for all countries to implement effective controls on exports of sensitive goods and technologies in order to prevent the proliferation of weapons of mass destruction and their means of delivery.

BIS plays a critical role in answering this call by meeting the challenges that lie at the intersection of trade and security. During Fiscal Year 2004, BIS did so by enhancing export controls, strengthening enforcement efforts, pursuing important international initiatives to support U.S. high-technology trade and deter proliferation, and working in support of the U.S. defense industrial base.

The heart of trade security is the U.S. system of dual-use export controls. In Fiscal Year 2004, BIS took important steps to strengthen and streamline this system of controls to facilitate legitimate trade while preventing the illicit transfer of sensitive goods and technologies. As a result, BIS reduced the average license processing time from 44 days in Fiscal Year 2003 to 36 days in Fiscal Year 2004, even though the number of applications increased by nearly 25 percent from the previous year. At the same time, BIS published new rules and worked to adapt controls to current technological and geopolitical realities, including reducing licensing requirements for the transfer of computer and microprocessor technology to eligible foreign nationals; easing restrictions for certain exports to Iraq and Libya; and imposing new restrictions on exports to Cuba and Syria.

Recognizing that, in today's world, America's security boundaries must extend beyond its national boundaries, BIS made major efforts on the international front to support U.S. non-proliferation and national security interests, while fostering U.S. exports of high-technology and other sensitive items in a manner consistent with America's security needs. For example:

- BIS played a leading role in the development, launch, and conclusion of the first phase of the Next Steps in Strategic Partnership (NSSP) with India, a Presidential initiative that sets forth bilateral reciprocal steps to expand cooperation in civilian space activities, civilian nuclear matters, high-technology activities, and missile defense. The conclusion of the first phase of the NSSP permitted the easing of certain U.S. export control requirements for exports to India while also enhancing U.S. nonproliferation objectives.

- The United States and India also made substantial progress on advancing bilateral high-technology trade through the High Technology Cooperation Group (HTCG). During Fiscal Year 2004, the two sides held discussions under the HTCG to address export controls, market access, trade barriers, and outreach to industry. They also convened two public-private forums in conjunction with industry to discuss cybersecurity, data privacy, and defense technology issues.
- Another significant accomplishment in the international sphere was an agreement between BIS and the Ministry of Commerce of the People's Republic of China on procedures to strengthen end-use visit cooperation. By increasing confidence that U.S. exports of sensitive goods are being used by the licensed recipient for the licensed use, this agreement should open the way to increased U.S. exports and enhanced U.S. security.
- Elsewhere on the international front, BIS worked with major transshipment hubs, such as Hong Kong, Singapore, and Panama, to strengthen their ability to facilitate legitimate trade in sensitive goods and technologies, while seeking to ensure that these items do not end up in the wrong hands.
- BIS also continued its successful program of technical exchanges to help other countries build effective export control systems, managing and coordinating 86 bilateral technical exchanges with 22 countries around the world.

In addition to these important regulatory and policy accomplishments, BIS continued to enforce U.S. export control laws vigorously by effectively targeting its resources on the most sensitive commodities and the end-users of greatest concern. In Fiscal Year 2004, BIS closed 66 administrative enforcement cases, up from 34 in Fiscal Year 2003, and imposed fines in excess of \$5.9 million, up from \$4.1 million in Fiscal Year 2003. BIS investigations also led to 28 criminal convictions, and the imposition of \$2.9 million in criminal fines. To support its international and enforcement missions, BIS strengthened its export control attaché program by placing new attachés in Hong Kong and New Delhi, in addition to the attachés already serving in Abu Dhabi, Beijing, and Moscow.

Outreach to industry is a critical element of BIS's efforts to promote trade and security. During Fiscal Year 2004, BIS enhanced the role of the President's Export Council Subcommittee on Export Administration (PECSEA) and the Technical Advisory Committees in the development of policy and sought increased input from the public on BIS programs and initiatives. BIS also conducted 50 domestic seminars for industry on U.S. export control requirements, 52 sector-specific programs, three Business Executive Enforcement Training programs, and two overseas seminars, all kicked off by BIS's annual Update Conference.

Outside of export controls, BIS worked with U.S. industry on a broad array of trade and security-related issues. BIS continued to ensure U.S. industry compliance with the Chemical Weapons Convention and played a major role in preparing for implementation of the Additional Protocol to the U.S.-International Atomic Energy Agency Safeguards Agreement. BIS also exercised its authority under the Defense Priorities and Allocations System to expedite the delivery of defense

articles needed to help facilitate elections in Afghanistan and support operations in Iraq, including key materials for body and vehicle armor. Further, BIS helped U.S. companies secure \$7.2 billion in contracts to supply foreign governments with defense articles, including sales of naval combat systems to Australia, security and chemical protection equipment to Greece for the Olympics, and maritime helicopters to Canada.

Fiscal Year 2004 was a year of achievement for BIS in its mission of helping make Americans more prosperous and more secure. These accomplishments set the stage for new initiatives at the intersection of industry and security, in the year to come.



Donald L. Evans
Secretary of Commerce



Kenneth I. Juster
Under Secretary of Commerce
for Industry and Security



Chapter 1: Export Control Policy and Regulations

Mission

The Bureau of Industry and Security (BIS) is charged with the formulation and implementation of U.S. export control policy on dual-use commodities, software, and technology. Dual-use items subject to BIS regulatory jurisdiction have predominantly civilian uses, but also have military and proliferation applications, or may be used in terrorist activities. One of BIS's principal objectives is to ensure that direct exports from the United States and reexports of U.S.-origin items from third countries are consistent with U.S. national security and foreign policy interests, without imposing unnecessary regulatory burdens on U.S. exporters or impeding the flow of legitimate trade. Another critical objective is to ensure that U.S. persons are not involved in any activity related to the proliferation of chemical, biological, or nuclear weapons or their means of delivery.

To accomplish its objectives, BIS seeks to promulgate clear, concise, and timely regulations setting forth licensing policy and license requirements and for the export and reexport of dual-use items and the provision of related services. A principal area of focus is implementation of controls agreed in the four 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 (WA) (conventional arms and dual-use goods and technologies). See Chapter 5. Other BIS regulations further U.S. foreign policy and national security interests, including imple-



Under Secretary Kenneth I. Juster addresses the Bureau of Industry and Security's Update Conference.

menting sanctions policies, specifying licensing agency jurisdictional authority for a given item, and clarifying the rights and obligations of U.S. exporters.

In the development of regulatory policy, BIS consults with industry through its six Technical Advisory Committees (TACs). The TACs provide valuable input regarding industry perspectives on trends in technology as well as the practicality and likely impact of export controls. In addition, BIS publishes important rules in proposed form to give the exporting community an opportunity to comment before the regulations take effect.

Accomplishments In Fiscal Year 2004

In Fiscal Year 2004, BIS took important steps toward fulfilling its mission, while building a solid foundation

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for more progress in Fiscal Year 2005. In addition to the regime-related rules discussed in Chapter 5, BIS took important policy actions and published significant rules related to individual countries, including China, Cuba, India, Iraq, Libya, Republic of Korea, and Syria to reflect the change in U.S. foreign policy toward each of these countries. BIS also developed other regulations and policies relating to encryption, items on the U.S. Munitions List, and computer and microprocessor technologies.

China

In Fiscal Year 2004, BIS continued its efforts to expand U.S. trade in controlled items with the large and growing Chinese market, in a manner consistent with U.S. national security interests. In April 2004, BIS – on behalf of the Department of Commerce – and China’s Ministry of Commerce agreed to procedures to strengthen end-use visit cooperation and thereby give greater confidence that U.S. exports of controlled dual-use items are being used by their intended recipients for their intended purposes. The understanding resolves a long-standing issue of great importance to the U.S.-China high-technology relationship and should facilitate increased U.S. exports of controlled items to China.

China also is a party to several nonproliferation treaties, including the Treaty on the Non-Proliferation of Nuclear Weapons, the Chemical Weapons Convention, and the Biological Weapons Convention. In Fiscal Year 2004, China became a member of the Nuclear Suppliers Group (NSG). However, China is not a member of the Australia Group (AG), the Missile Technology Control Regime (MTCR), or the Wassenaar Arrangement (WA).

Section 1512 of the National Defense Authorization Act for Fiscal Year 1999 requires Presidential certification for the export to China of missile-related equipment or technology, as defined in Section 74 of the Arms Export Control Act. The President must report to Congress 15 days prior to shipment that the export is not detrimental to the United States space launch industry and the equipment, including any indirect technical benefit that could be derived from the export, will not measurably improve the missile or space launch capabilities of China. All items

controlled for missile technology reasons on the Commerce Control List of the EAR require such Presidential certification prior to export. On March 8, 2004, the President made the required certifications for seven license applications, thus permitting BIS to authorize the exports.

Cuba

On June 22, 2004, BIS amended the EAR to revise the export and reexport restrictions to Cuba in order to implement certain recommendations made in the Commission on Assistance to a Free Cuba’s May 2004 Report to the President. BIS participated in the Commission’s working group that recommended policies and programs to hasten Cuba’s transition to democracy. The rule tightens eligibility requirements for gift parcels and travelers’ accompanying baggage, and also implements a case-by-case review policy for private aircraft and vessels going on temporary sojourn to Cuba when explicitly delivering humanitarian goods or services or when the temporary sojourn is in the foreign policy interests of the United States. As in the previous year, BIS processed approximately 600 export applications for Cuba during Fiscal Year 2004, with roughly one-third involving authorizations for food and other agricultural items eligible under License Exception Agricultural Commodities (AGR).

India

BIS is playing a major role in a Presidential initiative with the Government of India to promote cooperation in bilateral high-technology commerce. In January 2004, the United States and India agreed to the “Next Steps in Strategic Partnership (NSSP),” which will expand cooperation in three specific areas: civilian nuclear activities, civilian space programs, and high-technology trade. In addition, the two countries agreed to expand their dialogue on missile defense. These areas of cooperation are designed to progress through a series of reciprocal steps that build on each other.

In September 2004, the United States and India completed Phase One of the NSSP. The Government of India implemented measures to address proliferation concerns and to ensure compliance with U.S. export controls. These actions enabled the U.S. Government to make



Under Secretary Kenneth I. Juster and Indian Foreign Secretary Shyam Saran sign documents concluding Phase I of the U.S.-India Next Steps in Strategic Partnership initiative. Under Secretary of State Marc Grossman also is pictured.

modifications to U.S. export licensing policies, including the removal of the Indian Space Research Organization (ISRO) Headquarters from the Department of Commerce Entity List, the removal of licensing requirements for low-level dual-use items exported to ISRO subordinate entities, and the application of a “presumption of approval” policy for all dual-use items not controlled by the Nuclear Suppliers Group (NSG).

The United States and India will continue to move forward under the NSSP, and have created a joint implementation group for this purpose. The progress to date is only Phase One in this important effort, which is a significant part of transforming the strategic relationship between the two countries.

Iraq

On May 7, 2003, following the end of major hostilities in Iraq, President Bush suspended most of the provisions of the Iraq Sanctions Act of 1990. As a result, the U.S. Government was no longer required to prohibit the export of items to Iraq that would require an export license under the Export Administration Regulations (EAR) and had the discretion to review and approve license applications on their merits.

The President signed Executive Order 13350 terminating the national emergency declared in Executive Order

12722, revoking this Executive Order and certain related Executive Orders on July 29, 2004. The termination of the national emergency ended the Department of the Treasury’s authority to maintain export controls, and export licensing jurisdiction reverted to BIS.

On July 30, 2004, BIS amended the EAR to reflect the new licensing policy and requirements for Iraq. This rule focused on three major objectives: liberalizing licensing policy for exports and reexports to support civil end-uses and end-users and rebuilding of civil infrastructure in Iraq; ensuring that U.S. and Coalition forces could receive supplies in a timely and efficient manner; and

ensuring that U.S. origin items would not be used by terrorist groups, insurgent military forces or for the development of weapons of mass destruction and delivery systems.

Generally, under the new BIS export licensing requirements for Iraq, a license is required for the export, reexport, or transfer of all items controlled on the Commerce Control List (CCL). Items that are not specifically listed on the CCL, known as EAR99 items, and items controlled for anti-terrorism reasons only, do not usually require a license to Iraq. However, a license is required for the export, reexport to Iraq or transfer within Iraq of any items destined for “military end-use” or by a “military end-user,” for weapons of mass destruction (WMD) activities, and to designated terrorists or terrorist organizations. The EAR set forth exceptions for military end-use by the U.S. Government and the Interim Government of Iraq.

Libya

On April 23, 2004, the President announced the termination of the application of the Iran and Libya Sanctions Act (ILSA) with respect to Libya, in response to Libya’s actions to dismantle its weapons of mass destruction and missile programs, and its renunciation of terrorism.

On April 29, 2004, the Department of the Treasury, Of-

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Office of Foreign Assets Control (OFAC), modified sanctions imposed on U.S. firms and individuals under the authority of the International Emergency Economic Powers Act (IEEPA) to allow the resumption of most commercial activities, financial transactions, and investments between the United States and Libya. Consequently, OFAC issued a General License, which transferred licensing jurisdiction for the export of items subject to the



Secretary of Commerce Donald L. Evans and U.S. Trade Representative Robert B. Zoellick watch as Under Secretary Kenneth I. Juster and Vice Minister Ma Xinhong of China's Ministry of Commerce sign the U.S.-China End-Use Visit Understanding.

EAR back to the Department of Commerce.

Concurrent with the publication of the OFAC rule, on April 29, 2004, BIS published an amendment to the EAR setting forth the new license requirements and licensing policy for exports and reexports to Libya to implement the President's decision to modify U.S. sanctions against Libya. As a result, items not on the Commerce Control List no longer require a license in most circumstances. Most license applications for exports to civil end-uses and end-users are reviewed on a case-by-case basis.

On September 20, 2004, the President signed Executive Order 13357 terminating the national emergency and revoked certain Executive Orders related to Libya, which removed economic sanctions on aviation services with Libya and unblocked Libyan frozen assets. However, Libya remains a terrorist-designated country, and

exports of items requiring a license that are for military, police, intelligence, terrorists or terrorist groups, or weapons of mass destruction programs are subject to a policy of denial.

Republic of Korea

From July through September 2004, the U.S. Government hosted a series of meetings with government officials from the Republic of Korea (ROK) to discuss plans for ROK companies' investment and manufacturing in the Gaesung Industrial Park, a special economic zone created in the Democratic People's Republic of Korea. The U.S. and ROK Government officials discussed U.S. license requirements for U.S. origin items that will be reexported to the Gaesung Industrial Park.

Syria

On December 12, 2003, the President signed the Syria Accountability and Lebanese Sovereignty Restoration Act of 2003 (SAA) (Public Law 108-175). The SAA required a prohibition on the export to Syria of all items on the Commerce Control List (CCL). The SAA also required the President to select at least two of six additional sanctions to apply to Syria. On

May 11, 2004, the President elected to prohibit the export or reexport to Syria of all U.S. origin products, with the exception of food and medicine, and to prohibit Syrian aircraft from landing in, or overflying the United States, except in limited circumstances.

Consistent with the President's implementation of the SAA, on May 14, 2004, the Bureau published a General Order (General Order No. 2 to Supplement No. 1 to Part 736 of the EAR) in the *Federal Register* restricting all exports or reexports to Syria of items subject to the EAR as specified in the General Order. The General Order reflects waivers of the export ban for six classes of items: items for the use of the U.S. Government, certain medicines and medical devices, parts and components intended to ensure the safety of flight for civil passenger aircraft, aircraft used by the Syrian Government for its

official use, telecommunication equipment and associated parts and components, and items for the use of the United Nations in Syria. In many cases, these items remain subject to a license requirement.

Encryption

U.S. encryption export control policy, which was updated in June 2002 and June 2003, is guided by three fundamental principles: technical review of encryption products prior to export, streamlined post-export reporting, and license review for certain exports of strong encryption to foreign government end-users. In Fiscal Year 2004, BIS continued the effective implementation of this policy and consulted extensively with other U.S. Government agencies, Technical Advisory Committees, and industry to explore ways to further strengthen and streamline U.S. encryption export regulations. Drawing on these consultations, BIS prepared a rule to update the EAR to streamline the License Exception ENC pre-export technical review process, address the May 1, 2004, expansion of the European Union license-free zone, and simplify certain encryption reporting requirements. BIS expects this rule to be published early in Fiscal Year 2005.

U.S. Munitions List Review

Progress continued in Fiscal Year 2004 on the U.S. Government review of the United States Munitions List (USML), which sets forth the products controlled by the Department of State as defense articles. Items on the USML are reviewed, analyzed, and updated on an ongoing basis, in order to keep the list current with technological developments and changed market conditions. As part of this process, items that are determined to have predominantly commercial uses are moved to the Commerce Control List (CCL), administered by BIS.

In Fiscal Year 2004, the review process included Categories IV (Launch Vehicles, Guided Missiles), XI (Military Electronics), XII (Fire Control, Optical and Guidance) and XV (Spacecraft). BIS published changes to ECCN

9A018 and the related Interpretation thus bringing that ECCN in line with the agreed changes in Category VII (Tanks and Military Vehicles). Congressional approval is still pending for the proposed movement of certain items from the USML to the CCL for Categories VI (Vessels of War) and VIII (Aircraft). Several of these categories have moved from a technical review to a policy review/deci-



U.S. and Indian government officials discuss bilateral issues at the third meeting of the U.S.-India High Technology Cooperation Group.

sion level, guided by the National Security Council.

Other Policy Areas

In Fiscal Year 2004, BIS completed discussions with other U.S. Government agencies on a proposed rule to revise the “knowledge” definition in the EAR, update red flag guidance, and provide a safe harbor mechanism for exporters. This proposed rule was published in early Fiscal Year 2005. In late Fiscal Year 2004, BIS also reached agreement with other agencies on two rules relating to computer and microprocessor technology, which will revise the control levels for technology transfers to foreign nationals in the United States. These rules also were published in early Fiscal Year 2005. Similar rules for actual technology exports are expected later in Fiscal Year 2005 pending the outcome of discussions in the multilateral export control regimes. Finally, BIS began

agency discussions on a two-stage process to overhaul how export controls are applied to countries in the EAR. The first stage of this process is aimed at streamlining the EAR, conveying the same policy information in a format that will be easier for exporters to understand, and making certain policy adjustments to update country groups that currently reflect Cold War era relationships. In the second stage, BIS plans to update controls on a country-by-country basis to better reflect current national security and foreign policy concerns.

Goals For Fiscal Year 2005

In Fiscal Year 2005, BIS anticipates publishing additional rules relating to Cuba, Iraq, and Libya to address changes suggested by exporters to the related rules published in Fiscal Year 2004. BIS also intends to publish a rule that places the changes established in General Order No. 2 regarding Syria into the relevant sections of the EAR. In

addition, BIS will examine deemed export rules and conduct outreach with universities and other research-based entities to ensure sensitive technology is protected and to revise, if needed, the rules for technology transfers to foreign nationals in the academic community. BIS will also review and revise as appropriate the *de minimis* rules, which have not been reviewed since 1996. These rules state, in percentage terms, the amount of U.S.-origin value that is sufficient to render a foreign-made item subject to the EAR.

Finally, BIS intends to continue working closely with other agencies and with Congress toward the renewal and revision of the Export Administration Act (EAA), which has been in lapse since 2001. Renewal would place the U.S. export control system on a stronger legislative foundation and enhance the U.S. Government's ability to encourage other countries to enact similar legislation. In the meantime, BIS will continue to effectively administer dual-use export controls with the authorities currently available.



Chapter 2: Export Licensing

Mission

A primary mission of the Bureau of Industry and Security (BIS) is the accurate, consistent, and timely processing of license applications for proposed exports of dual-use goods and technology from the United States. BIS's objective is to protect U.S. national security and foreign policy interests without imposing undue regulatory burdens on legitimate international trade. Consistent with that objective, BIS attempts to minimize the length of time necessary to analyze proposed export transactions, while working closely with other U.S. Government agencies to determine the appropriate disposition of such transactions.

Accomplishments In Fiscal Year 2004

Export License Processing

In Fiscal Year 2004, BIS reviewed 15,534 license applications covering transactions valued at approximately \$15.3 billion. Overall, BIS approved 13,058 license applications worth \$13.8 billion returned 2,181 applications worth \$1.3 billion without action, denied 272 applications worth \$162 million, and revoked 23 licenses worth \$154,532,454. BIS received 15,019 license applications in Fiscal Year 2004, compared to 12,918 applications in Fiscal Year 2003. This marked the highest volume of applications in 11 years.

In Fiscal Year 2004, the commodity classification with the highest number of approvals was thermal imaging and light intensifying cameras (ECCN 6A003), with 2,768 approved applications worth \$575 million. Ap-

provals for Germany and Japan accounted for 46 percent of all 6A003 approvals.

The People's Republic of China was the destination for the largest number of approved licenses in Fiscal Year 2004. BIS approved 1,336 licenses for exports to China worth \$528 million. Thirty-five percent of these licenses were for deemed exports.

The average processing time for all completed license applications during Fiscal Year 2004 was 36 days, compared to 44 days in Fiscal Year 2003.

Deemed Exports

Of the 15,534 applications reviewed, 995 were for deemed exports, an increase of almost 20 percent over



Assistant Secretary for Export Administration Peter Lichtenbaum addresses the Bureau of Industry and Security's Update Conference.

Fiscal Year 2003. This increase has been due in large part to an expanded deemed exports outreach program that promotes better industry awareness and understanding of deemed export licensing requirements. There were 116 such outreach events conducted in Fiscal Year 2004.

BIS also implemented several improvements to the deemed export license process. These improvements included tying the validity period of a license to the expiration date of the foreign national's visa in those instances where the visa expires beyond the standard two year validity of an export license. In addition, under certain conditions, automatic six month extensions are provided for existing deemed export licenses that need to be renewed. Finally, agencies involved in the review process have committed to make their best effort to process deemed export technology upgrade applications in 20 days. These process improvements have reduced the licensing burden for deemed export applications for renewals and technology upgrades, which continue to make up approximately 30 percent of the deemed export licensing volume.

These efforts have contributed to the continued reduction in average deemed export license process time. In spite of the continued rise in license applications, deemed export license processing time was reduced from 62 days in Fiscal Year 2003 to 42 days in Fiscal Year 2004. Most deemed export cases continue to involve the transfer of technology associated with the semiconductor manufacturing, telecommunications, and computer industries that are controlled for security reasons. Approximately 70 percent of the deemed export licenses reviewed were for Chinese and Russian foreign nationals.

Reduction in Cases Escalated for Dispute Resolution

The interagency Operating Committee is tasked with resolving license applications when there is disagreement among the relevant U.S. Government agencies as to the appropriate licensing action. In Fiscal Year 2004, 269 cases were escalated to the Operating Committee for dispute resolution. Of these, 35 were further escalated to the policy-level Advisory Committee on Export Policy (ACEP) for resolution. The average time for decision for

escalated cases in Fiscal Year 2004 was 22 days, down from 45 days in Fiscal Year 2003.

Short Supply Controls

BIS implements the policy set forth in Section 3(2) and the procedures set forth in Section 7 of the Export Administration Act of 1979, as amended (EAA). Section 3 states that it is the policy of the United States to prohibit or curtail the export of goods "where necessary to protect the domestic economy from the excessive drain of scarce materials and to reduce the serious inflationary impact of foreign demand." Section 7 of the EAA authorizes the President to monitor exports of certain goods to determine the impact of such exports on domestic supply and to evaluate whether this impact on domestic supply has an adverse effect on the U.S. economy. In addition, BIS administers export controls under the Energy Policy and Conservation Act, the Mineral Leasing Act, the Naval Petroleum Reserves Production Act, the Outer Continental Shelf Lands Act, and the Forest Resources Conservation and Shortage Relief Act, as amended.

Domestically produced crude oil and certain unprocessed timber harvested from federal and state lands are controlled for short supply reasons. During Fiscal Year 2004, BIS approved 24 licenses for the export of crude oil, amounting to 901 million barrels. No licenses were approved during Fiscal Year 2004 for the export of unprocessed timber. No licenses were denied in either category.

BIS also is responsible for determining whether it is necessary to restrict the export of commodities in short supply to protect the domestic economy from the excessive drain of such materials and to mitigate the inflationary impact of excessive foreign demand. In April 2004, BIS received a short supply petition requesting that the Department of Commerce impose monitoring and controls on exports of recyclable metallic materials containing copper. In July 2004, BIS determined that neither monitoring nor the imposition of controls on exports of copper and copper-alloy scrap was necessary. BIS carefully reviewed and analyzed this petition in accordance with Section 3(2)(C) and 7(c) of the Export Administration Act of 1979 (EAA), as amended. Although BIS did not



Deputy Assistant Secretary for Export Administration Matthew S. Borman testifies before the House Government Reform Subcommittee on National Security, Emerging Threats, and International Relations.

find sufficient evidence to warrant imposing monitoring or export controls, BIS did work to refine the Schedule B classifications for copper and copper-alloy scrap in order to better delineate the varieties of scrap that are being exported. BIS also worked with the Department of State and the Office of the U.S. Trade Representative to address foreign government practices that may distort the global market.

Section 14(a)(13) of the EAA requires a report on any short supply monitoring program conducted pursuant to the EAA or Section 812 of the Agricultural Act of 1970. Information from the U.S. Department of Agriculture on its monitoring activities during Fiscal Year 2004 is included in Appendix H of this report.

Special Comprehensive Licenses

In Fiscal Year 2004, BIS completed five Internal Control Program (ICP) reviews for Special Comprehensive License (SCL) amendment submissions related to exports to China.

An SCL is a license that is issued to experienced and knowledgeable exporters and consignees. The SCL is used in place of individual export licenses for shipments by exporters that routinely participate in export and/or reexport transactions involving multiple destinations. Parties to the SCL must have mechanisms in place to ensure that each export and reexport meets all of the

terms and conditions of the SCL and is in accordance with applicable provisions of the Export Administration Regulations (EAR).

Consignee ICP reviews were required to ensure that SCL holders and consignees had sufficient controls in place to ensure compliance with the EAR and license conditions imposed on the consignee. BIS completed three ICP reviews for new SCL submissions and four domestic on-site reviews.

BIS also completed two Export Management Systems (EMS) reviews of corporate written compliance programs. An EMS review consists of a comparison of a company's written compliance program procedures and internal controls against EMS Guidelines as they relate to the company's typical export transactions.

Technical Reviews of Encryption Exports

BIS processed an increasing number of pre-export technical review requests for a variety of encryption products, including commodities and software for desktop and laptop computers, wireless handheld devices and access points, e-business applications, virtual private networking and other Internet security appliances, and telecommunications infrastructure products. Except for products that require a license to certain government end-users (such as high-end networking products, source code, and products for which the cryptography has been customized or tailored to customer specification), commercial encryption commodities and software that have met this up-front technical review requirement may be exported and reexported to both government and non-government end-users outside the designated terrorism-supporting countries, under License Exception ENC or "mass market" encryption provisions of the EAR.

In Fiscal Year 2004, BIS received over 1,520 technical review requests for over 2,500 controlled encryption

products, components, toolkits, and source code items. These encryption reviews comprised 31 percent of the Bureau's total output of commodity classifications in Fiscal Year 2004. Of the 2,078 encryption products reviewed during the fiscal year, 84 percent (1,736) were classified as "retail" (1048) or "mass market" (688) encryption items, making them eligible for export and reexport without a license to government and non-government end-users in most countries.

In addition, during Fiscal Year 2004 BIS approved 462 license applications for "non-retail" encryption items (such as high-end routers and other network infrastructure equipment) and technology valued at \$16.3 million.

Goals For Fiscal Year 2005

During Fiscal Year 2004, BIS developed with the Departments of Defense, State, and Energy a shared framework of license condition criteria to be used as the basis for review of approximately 54 commonly used license conditions. In Fiscal Year 2005, BIS will build on the framework by seeking to evaluate, strengthen, and streamline the language of the license conditions in order to ensure that they are easily understood and enforceable. The review will also ensure that the recent changes in market conditions and nonproliferation and foreign policy are reflected in Commerce's license conditions.

During Fiscal Year 2004, BIS explored ways to apply the Special Comprehensive License (SCL) to certain exports

of commercial night vision and thermal imaging equipment. Some night vision/thermal imaging companies submit over 200 license applications for similar products and destinations in a given year. Under an SCL, exports are approved for a four year period, eliminating the need for BIS to review each individual transaction. Implementation of an SCL for certain commercial night vision and thermal imaging exports to reliable commercial parties located in close U.S. allies would offer a more cost-effective, streamlined licensing mechanism and application procedure while still protecting national security interests. Such a licensing policy would allow U.S. industry to better compete in the global marketplace and strengthen the defense industrial base. BIS will continue to work with industry and the interagency community to try to achieve this objective during Fiscal Year 2005.

In Fiscal Year 2004, BIS made progress developing a proposal for a Special Intra-Company License (SIL) that responds to industry's concern for a licensing vehicle that takes into account the globalized environment for product development and production within the information technology industries. Companies need to be able to share information quickly within their domestic and overseas operations, provided that they have strong internal controls in place. During Fiscal Year 2005, BIS will work with the agencies and industry in an effort to reach consensus on this licensing vehicle.



Chapter 3: Enforcement

Mission

A central mission of the Bureau of Industry and Security (BIS) is to protect U.S. national security and foreign policy interests by vigorously enforcing the export control and antiboycott provisions of the Export Administration Regulations (EAR). Enforcement includes pursuing criminal and administrative sanctions against violators as well as deterring violations through a series of preventive enforcement measures ranging from end use checks to public outreach to assist the private sector in identifying illegal export transactions and avoiding participation in unsanctioned foreign boycotts. BIS works with the Department of Justice to impose criminal penalties for violations, including incarceration and fines, and the Department of Commerce's Office of Chief Counsel for Industry and Security to impose civil penalties for administrative violations, including fines and denials of export privileges.

Through its Office of Export Enforcement (OEE), BIS conducts investigations of possible export control violations. BIS has approximately 100 special agents that are located throughout the United States in eight field offices located in or near the following major cities: Boston, Chicago, Dallas, Los Angeles, Miami, New York City, San Jose, and Washington, D.C. BIS also opened a resident office in Houston in Fiscal Year 2004 that reports to the Dallas Field Office. The main responsibilities of BIS special agents are conducting criminal and civil investigations of possible EAR violations and working cooperatively with the exporting community to help prevent, deter, and detect violations. Special agents have police powers, including the author-

ity to carry weapons, execute search warrants, and make arrests. Special agents also may issue administrative subpoenas and detain and seize goods to prevent illegal exports. BIS's investigations are supported by an extensive analysis staff at headquarters in Washington.



Assistant Secretary for Export Enforcement Julie L. Myers addresses the Bureau of Industry and Security's Update Conference.

Through its Office of Antiboycott Compliance (OAC), BIS also enforces the antiboycott provisions of the EAR. The antiboycott regulations direct U.S. businesses not to participate in foreign boycotts that the United States does not sanction. To that end, BIS provides extensive guidance to the exporting community to educate them on the application of the antiboycott regulations, trends in boycott activity, and to prevent and deter violations. BIS uses a number of tools in working with the private sector, including its telephone and mail advice lines, and presentations to trade associations and banking groups.

In addition to its preventive work, BIS also pursues criminal and administrative cases related to violations of the antiboycott laws. The most common type of violations are furnishing boycott-related information, refusal to deal with blacklisted businesses, and discrimination for a boycott purpose based on religion or national origin. In addition, BIS provides information on boycott activity to the Department of State as part of the U.S. Government's opposition to the Arab League boycott of Israel.

Accomplishments In Fiscal Year 2004

Penalties

During Fiscal Year 2004, BIS increased both the number of criminal convictions and administrative case completions by over 50 percent. BIS investigations resulted in the criminal convictions of 28 individuals and businesses, with \$2.9 million in penalties, compared to 27 convictions and \$3.4 million in penalties in Fiscal Year 2003. In addition, BIS investigations resulted in the completion of 63 administrative enforcement cases against individuals and companies, up from 34 administrative cases in Fiscal Year 2003. The increased number of administrative cases resulted in a substantial increase in civil penalties, which totaled \$6.2 million in Fiscal Year 2004 as compared to \$4.1 million in Fiscal Year 2003. BIS also imposed \$65,000 in fines for violations of the antiboycott provisions of the EAR in Fiscal Year 2004.

Significant Cases

To prioritize its caseload to focus on the most critical cases BIS created the Export Case Emphasis List (X-CEL). The X-CEL list allows BIS to ensure that it is focusing its efforts and resources on cases involving items with potential use in chemical, biological, and/or nuclear weapons, and cases involving violations where the end-users were from nations or organizations of greatest concern.

Three cases demonstrate the breadth of BIS's enforcement actions:

- In March 2004, Thomas Campbell Butler, M.D., a professor at Texas Tech University, was found guilty

on 47 criminal counts, including illegally exporting *Yersinia Pestis* (Bubonic Plague) to Tanzania. Butler was subsequently sentenced to two years in federal prison and ordered to pay a \$58,375 fine. This was an X-CEL investigation.

- In April 2004, BIS's efforts led to the first two criminal convictions in a deemed export case. Suntek Microwave, Inc. (Suntek) and its former President, Charlie Kuan, pled guilty in the U.S. District Court for the Northern District of California to violating the International Emergency Economic Powers Act (IEEPA) for unlicensed deemed export and other export control violations. Suntek was ordered to pay over \$339,000 in fines and Mr. Kuan is awaiting sentencing. In addition, BIS pursued Suntek and Mr. Kuan administratively. In the administrative cases, Suntek paid a \$275,000 penalty and received a 20-year denial of export privileges. Mr. Kuan agreed to a \$187,000 civil penalty and to a 20-year denial of export privileges.
- In September 2004, St. Jude Medical Export GmbH (St. Jude) settled charges of violating the antiboycott provisions of the EAR by failing to report, in a timely manner, three Iraqi requests that it adhere to the rules of the Arab League boycott of Israel and by agreeing to do business with blacklisted persons. In connection with this settlement, St. Jude paid a \$30,000 civil penalty.

A summary of all the export control cases closed in Fiscal Year 2004 is included in Appendix D of this report.

Preventive Enforcement

In Fiscal Year 2004, BIS completed 865 preventive enforcement activities. These included a variety of actions such as detaining suspected illegal shipments, performing end-use checks identifying and placing parties on the Unverified List, performing outreach visits to businesses, conducting and participating in numerous presentations to industry, issuing warning letters for minor first time violations, monitoring compliance with the conditions on particular export licenses, recommending denial of license applications, and preventing illegal transfer of controlled technology by denying visas for foreign visitors suspected of targeting such controlled technology.

The majority of the preventive enforcement activities consisted of end-use checks, which are a valuable tool to verify that targeted commodities will be or have been properly used by the proper end-users. End-use checks consist of Pre-License Checks (PLC) and Post-Shipment Verifications (PSV). A PLC is used to determine if an overseas person or firm is a suitable party to a transaction involving controlled U.S. origin goods or technical data. A PSV confirms whether or not goods exported from the United States actually were received by the party named on the license or other export documentation, and whether the goods are being used in accordance with the provisions of that license. During Fiscal Year 2004, BIS conducted 647 end-use checks consisting of 246 PLCs and 401 PSVs.

In cases in which BIS is unable to verify the existence or authenticity of the end-user, intermediate consignee, ultimate consignee, or other party to an export transaction, BIS may add the person to the Unverified List (UVL). Based on the results of end-use checks conducted in Fiscal Year 2004, BIS removed six companies from the UVL due to the completion of requested end-use checks at these entities and added five entities to the UVL, based on the inability of U.S. officers to conduct end-use checks at these entities.

Antiboycott Activity

BIS works in conjunction with other U.S. Government agencies to oppose the Arab League boycott of Israel. BIS compiles and analyzes data from reports of boycott-related requests it receives from U.S. businesses. The data is shared with the Department of State, which uses it to inform U.S. Embassies in boycotting countries about current trends in boycott activities. The U.S. Embassies are able to help U.S. companies to do business in boycotting countries without violating U.S. antiboycott laws. Since the lifting of U.S. trade sanctions on Libya, BIS has sought to enable U.S. companies to resume operation there while complying with the requirements of the antiboycott provisions of the EAR. Similarly, BIS

counsels U.S. businesses on boycott issues in the newly reopened market of Iraq.

During Fiscal Year 2004, four companies agreed to pay civil penalties totaling \$65,500 to settle allegations that they had violated the antiboycott provisions of the EAR,



Acting Chief Counsel Roman Sloniewsky addresses the Bureau of Industry and Security's Update Conference.

including furnishing information for a boycott purpose, agreeing to refuse to do business with blacklisted persons, failing to maintain records relating to boycott-related requests, and failing to report requests to comply with unsanctioned foreign boycotts.

Overseas Attaché Program

BIS posts experienced Export Control Attachés at the U.S. missions in Abu Dhabi, Beijing, Hong Kong, Moscow, and New Delhi. The attachés facilitate U.S. trade by helping to ensure that imports of U.S.-origin dual-use goods are used in accordance with U.S. export control laws. This is accomplished through education and outreach in the foreign countries, as well as by conducting end-use checks.

Penalty Guidance

In February 2004, BIS published new penalty guidance in the *Federal Register* relating to the settlement of adminis-

Chapter 3: Enforcement

trative enforcement cases under the EAR. The new penalty guidance provides the public with a description of how BIS determines what penalties are appropriate in the settlement of administrative enforcement cases. The new penalty guidance identifies general factors, such as the destination of the export, the degree of willfulness involved in violations, as well as specific mitigating and aggravating factors that BIS typically takes into account in determining penalties. The guidance further encourages parties to provide the kind of information to BIS that would be helpful in the consideration of appropriate settlement parameters for their cases.

Goals For Fiscal Year 2005

In Fiscal Year 2005, BIS intends to strengthen its efforts to investigate and prosecute the most significant violations of the EAR, including by enhancing the Export

Case Emphasis List (X-CEL) and case methodology. BIS will expand and strengthen its program of end-use checks while also coordinating with the Department of Homeland Security and other law enforcement agencies to conduct strategic outreach at different points in the supply chain to ensure the security of trade according to U.S. laws and regulations.

During Fiscal Year 2005, BIS also will strive to increase the exporting community's awareness of the Arab League boycott of Israel and its harmful effects on trade. In addition, BIS plans to develop and implement penalty guidelines for settlement of administrative cases that will increase transparency by explaining how BIS makes penalty determinations for violations of the anti-boycott regulations.



Chapter 4: Industry Outreach Activities

Mission

An integral part of the mission of the Bureau of Industry and Security (BIS) is to facilitate compliance with U.S. export controls by keeping U.S. firms informed of export control regulations through an aggressive outreach program. BIS accomplishes this mission through a series of outreach activities that provide timely information to U.S. industry regarding the updating of export controls, new regulations in support of non-proliferation and anti-terrorism goals, and compliance with the Export Administration Regulations (EAR). BIS also trains U.S. exporters to identify and avoid illegal transactions.

Accomplishments In Fiscal Year 2004

BIS worked closely with industry in Fiscal Year 2004 through meetings, conferences, seminars, and increased public-private partnerships.

Exporter Services Outreach Initiatives

Seminars and Conferences

In Fiscal Year 2004, BIS conducted 50 domestic seminars in 16 states, which were attended by over 3,265 participants. BIS seminars provide guidance to new and established exporters regarding the EAR and changes in export policy and licensing procedures. For example, BIS offers a one-day seminar program that covers the major elements of the U.S. dual-use export control system and an intensive two-day program that provides a more comprehensive presentation of exporter obligations under the EAR. BIS also conducts workshops on topics of specialized interest, such as commercial encryption licensing, freight forwarder compliance, implementation of export management systems, control of technology transfers to

foreign nationals, and reporting and on-site verifications requirements under the Chemical Weapons Convention Regulations.

In addition, BIS holds an annual Update Conference on Export Controls and Policy to bring together high-level government officials and industry representatives to discuss new developments in U.S. export control policies, regulations, and procedures. The Fiscal Year 2004 Update Conference, held in Washington, D.C., attracted over 700 exporters, as well as representatives from key trading partners.

BIS also partnered with a number of public and private sector organizations to explain the mission and services of BIS to audiences in specific business and technology sectors, while providing BIS with greater insight into technology and market developments in key sectors of the economy. BIS supported 52 of these programs, which reached over 2,900 people through company visits and formal presentations at conferences.

International Industry Outreach Initiatives

In Fiscal Year 2004, BIS conducted international export control outreach seminars in Frankfurt, Germany, and Vienna, Austria. Such seminars provided key export control-related information beneficial to companies in other countries that use U.S.-origin parts and components for manufacturing and assembly, use U.S. origin systems, software, or technology to develop foreign-made products, and reexport U.S.-origin goods.

Counseling

In Fiscal Year 2004, BIS regulatory specialists assisted over 98,000 people in one-on-one counseling sessions through phone calls, visits, and e-mails to BIS's Outreach

Chapter 4: Industry Outreach Activities

and Educational Services Division in Washington, D.C., and the BIS Western Regional Office in Newport Beach, California. These sessions provide guidance on regulations, policies, and practices that affect a company's export operations, and thereby help increase compliance with U.S. export control regulations.



Deputy Under Secretary Mark Foulon addresses the Bureau of Industry and Security's Update Conference.

BIS also has implemented an e-mail notification program through its Web site, www.bis.doc.gov, whereby exporters may subscribe to receive information about BIS seminars and training programs. Over 4,000 people have signed up to receive monthly e-mails on upcoming BIS outreach events. In addition, exporters may now sign up to receive e-mail notification of Web site changes, regulations, press releases, and other information relating to the administration of export controls.

Seeking Industry's Input on Export Control Policy and Regulations

BIS also continues to partner with U.S. industry to ensure that the private sector's views on export control policy issues and regulations are fully considered. In Fiscal Year 2004, six Technical Advisory Committees (TACs) – covering information systems, materials, materials processing equipment, regulations and procedures, sensors and

instrumentation, and transportation and related equipment — advised BIS on export control issues, including proposed revisions to multilateral export control lists, licensing procedures that affect export controls, and assessments of foreign availability of controlled products. TACs meet quarterly with representatives selected from firms producing a broad range of goods, technologies, and software.

In addition, the President's Export Council Subcommittee on Export Administration (PECSEA) met three times during Fiscal Year 2004 to discuss the impact of technological developments on existing U.S. and foreign export controls, the foreign availability of controlled items, and related security and economic issues. PECSEA, a subcommittee of the President's Export Council, is composed primarily of representatives from the private sector.

In November 2003, the PECSEA formed three working subgroups to focus discussions on the impact of technological developments on existing controls; foreign availability and other countries' export controls; and security and economic issues. In May 2004, PECSEA members approved and provided to the PEC a draft letter to the President on export controls that outlined suggested steps that the Administration should take to strengthen U.S. economic competitiveness and promote U.S. national security. These recommendations included: streamlining the treatment for U.S. technology transfers by developing a process-based set of rules and developing a set of "best practices" for technology transfers; initiating expanded dialogue with U.S. partners to enhance their review of license applications for sensitive items; developing standard conditions that exporters can preview with the end-users; and ensuring that commercial commodities that have military applications remain controlled as dual-use items.

After the PECSEA letter was considered by the PEC, the letter was signed by PEC Chairman J.W. Marriott, Jr., and delivered to President Bush. In Fiscal Year 2005, BIS will review the recommendations contained in the letter and

consider appropriate actions in addition to those already taken on the letter's recommendations.

Targeted Outreach

In Fiscal Year 2004, BIS conducted instructional seminars to raise industry and government awareness of updates to U.S. encryption export policies and regulations in Boston, Massachusetts; Houston, Texas; Newport Beach, California; St. Louis, Missouri; St. Paul, Minnesota; Santa Clara, California; and Washington, D.C.

In Fiscal Year 2004, BIS conducted 116 deemed outreach activities for industry and relevant government agencies. In Fiscal Year 2004, the program was expanded to include academic institutions and U.S. Government laboratories involved in research. This expanded outreach promoted a better understanding of deemed export licensing requirements outside of the traditional export industries. In presentations given during these outreach activities, BIS representatives outlined documentation requirements for license applications, proper technology classification, and required attributes of internal company technology control plans. One of the effects of this expanded outreach was a 20 percent increase in the number of deemed export license submissions during Fiscal Year 2004.

BIS has also supplemented its deemed export outreach activities with site visits to assess implementation of Technology Control Plans (TCP) by individual license holders and to verify compliance with deemed export license conditions. Based on the information obtained during these visits, BIS has developed required elements for TCPs, which have been included in license conditions. BIS plans to integrate these required elements into a future rule addressing intracompany technology transfers.

BIS also targeted outreach to the semiconductor manufacturing equipment and night vision industry sectors, which currently account for a significant volume of complex export licenses. In the semiconductor sector, for example, BIS participated in 17 outreach events, including national and foreign site visits, attendance at industry-sponsored meetings, and active participation in the



Participants in the Bureau of Industry and Security's Update Conference, an annual event which brings together more than 700 members of the exporting community.

Information Systems TAC. In the night vision sector, BIS participated in 16 outreach activities. These included one-on-one meetings with companies, attendance at industry sponsored events, and active participation in the Sensors and Instrumentation TAC.

The chemical and biological industries were also targeted for outreach activities by BIS in Fiscal Year 2004. BIS conducted 12 site assistance visits (SAVs) during the fiscal year, in response to requests from U.S. companies for assistance in preparing their facilities for inspection by the Organization for the Prohibition of Chemical Weapons (OPCW). In addition, BIS participated in several events that focused on chemical and biological items. These events included outreach to an association of executives engaged in technology transfers; a lecture to a student group examining the relationship between biology and security; a seminar for exporters of controlled biological agents and equipment; and a briefing for a major U.S. biochemical manufacturer.

E-Commerce

In May 2003, BIS established an E-Commerce Working Group to develop and distribute compliance guidelines for exporters and reexporters. In response to a growing number of inquiries related to e-commerce transactions, BIS created an e-commerce section on the BIS Web site. The

Chapter 4: Industry Outreach Activities

E-Commerce Web site provides guidelines and best practices for transactions related to e-commerce.

Project Outreach

BIS also maintains a constructive and cooperative relationship with the business community through outreach programs sponsored by its Office of Export Enforcement. Through Project Outreach, BIS held Business Executives Enforcement Team (BEET) meetings around the country, bringing business executives and law enforcement personnel together to discuss compliance with U.S. export controls. Many of these meetings were co-sponsored by local business groups.

During Fiscal Year 2004, BIS Special Agents also spoke at numerous conferences, seminars, and meetings sponsored by local, state, and federal organizations. They participated in 43 public presentations and seminars, and 161 conferences and seminars with government and enforcement organizations. They also visited 838 companies to brief employees on how to identify suspicious transactions and how best to contact law enforcement officials for prompt assistance.

Compliance with Antiboycott Regulations

During Fiscal Year 2004, BIS's Office of Antiboycott Compliance responded to 812 requests from companies for guidance on compliance with the antiboycott regulations. During the same period, BIS officials made 12 public presentations on the antiboycott regulations to exporters, manufacturers, financial services institutions, freight forwarders, and attorneys involved in international trade. In addition, BIS provided extensive counseling to individual companies with specific boycott problems.

Goals For Fiscal Year 2005

In Fiscal Year 2005, BIS is scheduling over 40 programs at various locations around the country, in addition to the annual Update Conference on Export Controls and Policy in Washington, D.C. BIS also will conduct additional international industry outreach activities. In addition, BIS plans to expand its outreach program to exporters of par-



Under Secretary Kenneth I. Juster meets with members of the news media at the Bureau of Industry and Security's Update Conference.

ticular types of sensitive commodities, such as night vision equipment. For example, BIS will work with the Sensors and Instrumentation TAC and develop a dialogue with industry groups regarding licensing and compliance responsibilities associated with the export of such commodities.

BIS also will continue to work closely with other U.S. Government agencies and industry groups to ensure the continued effectiveness of U.S. encryption export control policy and regulations. BIS has planned encryption-related instructional seminars for Fiscal Year 2005 in Austin, Texas; Newport Beach, California; and Washington, D.C.

BIS also intends to expand the deemed export outreach program initiated in Fiscal Year 2003. Sectors to be added this year for deemed export outreach programs include small business trade associations, the biotechnology industry, universities and educational institutions, and various government agencies, such as relevant components of the Department of Homeland Security. Site visits to deemed export licensees also will continue. BIS plans to use information obtained from such site visits will be used to develop a "Practical Guide for Technology Control Plans."



Chapter 5: International Regimes and Treaty Compliance

Mission

One of the principal missions of the Bureau of Industry and Security (BIS) is to promote the effective implementation of export controls, through the multilateral export control regimes and international treaty obligations.

BIS plays a major role in the development, interpretation, and refinement of control lists and operational guidelines related to four major non-proliferation regimes — the Australia Group (AG), which deals with chemical and biological weapons, the Missile Technology Control Regime (MTCR); the Nuclear Suppliers Group (NSG); and the Wassenaar Arrangement, which focuses on controls on conventional arms and dual-use exports.

In addition to these multilateral regimes, BIS administers the industry compliance program for the Chemical Weapons Convention (CWC), which provides for an extensive verification regime to ensure adherence to its terms. BIS also actively works with other CWC State Parties and the Technical Secretariat of the Organization for the Prohibition of Chemical Weapons (OPCW) to ensure that the provisions of the CWC are being implemented in a rigorous, analytically sound, and equitable manner by all State Parties.

The unanimous adoption of United Nations Security Council Resolution 1540 in April 2004 supplements the multilateral regimes. The resolution calls on states to establish effective national export controls, among other non-proliferation measures.

Accomplishments In Fiscal Year 2004

In Fiscal Year 2004, BIS continued to play a leading role in U.S. Government efforts to encourage the multilateral

regimes to address the renewed threat of international terrorism; promote the uniform interpretation and enforcement of multilateral controls; strengthen regime end-use/user controls, known as “catch-all” controls; refine technical control parameters to focus on items of specific proliferation concern; expand multilateral control lists to include technological developments; and reach out to non-regime members to enlist their support for multilateral non-proliferation goals.

Australia Group

In response to the use of chemical weapons during the Iran-Iraq war in the early 1980s, the Australia Group (AG) was formed in 1984 to harmonize export controls on chemical weapons precursor chemicals. It subsequently expanded its initial focus on chemical weapons to include chemical production equipment and technologies. In 1990, the AG expanded to include regime measures to prevent the proliferation of biological weapons.

BIS published a rule on March 18, 2004, implementing the understandings reached at the June 2003 Plenary meeting by adding viruses and bacteria to the list of AG-controlled human and zoonotic pathogens or toxins.

In Fiscal Year 2004, the AG welcomed five new members – Estonia, Latvia, Lithuania, Malta, and Slovenia.

The 2004 AG Plenary was held against the backdrop of significant developments in global non-proliferation, including Libya’s decision to forgo its chemical weapons program and the revelation of the A.Q. Khan proliferation network. Against this background, participants noted growing acceptance of AG guidelines as the international benchmark in relation to export controls directed at chemical and biological weapons, owing in large part to the AG’s ongoing outreach activities. Accordingly, par-

ticipants agreed to strategies for better targeted training and assistance, particularly at a regional level, to assist key supplier and transshipment countries and other interested countries outside the AG to enhance their export controls. In response to increasingly sophisticated procurement activities, the AG also agreed to consider the issue of brokering controls. Such controls could play a key role in curtailing the activities of intermediaries and front companies.

As part of the AG's ongoing efforts to keep its common control lists up to date and scientifically relevant, participants agreed to add five plant pathogens to the control lists – the first such addition since 1993 – and to expand medical exemptions for certain controlled toxins.

Biological Weapons Convention

The Biological Weapons Convention (BWC), which prohibits developing, producing, stockpiling, or otherwise acquiring or retaining biological agents or toxins for non-peaceful purposes, entered into force in 1975 and currently has 152 State Parties as members. In Fiscal Year 2004, BIS participated in the U.S. delegation to the Annual Meeting on the BWC work program and worked to promote effective action by State Parties to implement the provisions of the BWC and to ensure the security of biological agents and toxins.

Chemical Weapons Convention

The CWC, which came into force in 1997 and currently consists of 166 members, bans the development, production, stockpiling, or use of chemical weapons among its State Parties, and provides for an extensive verification regime. Its verification functions are the responsibility of the Organization for the Prohibition of Chemical Weapons (OPCW). Approximately 200 inspectors, drawn from the State Parties to the CWC, inspect military and industrial chemical facilities throughout the world to verify compliance with the CWC's requirements.

Under the terms of the CWC, certain commercial chemical facilities are required to submit data declarations, which include information on chemical production, processing, consumption, export, and import levels. U.S. companies exceeding certain thresholds are required to

submit appropriate documents to BIS. This information is then compiled and forwarded to the OPCW's Technical Secretariat, which is charged with carrying out verification functions. As of September 2004, the OPCW has conducted 747 routine inspections at commercial and other related sites in 65 countries. The United States has hosted approximately one-third of all CWC inspections.

During Fiscal Year 2004, 805 declarations and reports from 623 U.S. plant sites were received and verified by BIS staff. Of this number, 783 were forwarded to the OPCW, 13 were maintained for internal information purposes, and 9 were returned without action. BIS also hosted 10 on-site inspections of U.S. facilities engaged in chemical-related activities during Fiscal Year 2004. In addition, in response to requests from U.S. companies for assistance in preparing their facilities for inspection by the OPCW, BIS conducted 12 site assistance visits (SAVs) in Fiscal Year 2004.

The October 2003 Conference of States Parties to the CWC adopted a plan of action to ensure universal State Party compliance with the CWC. This plan includes providing assistance to State Parties that request it. During the past fiscal year, BIS began working with the Technical Secretariat of the OPCW and the Government of Romania to develop outreach materials to assist State Parties in adopting national measures to fully implement the provisions of the CWC. When completed, this Implementation Assistance Program will provide State Parties requesting assistance with electronic and hard-copy materials focusing on the implementation of a national CWC program.

IAEA Additional Protocol

The U.S. Government was a leading advocate for the development of an Additional Protocol to the International Atomic Energy Agency (IAEA) Safeguards Agreement (Additional Protocol) that would enhance the IAEA's capabilities to detect proliferation activities by expanding state declaration and inspection requirements to include the entire nuclear fuel-cycle. In May 2002, President Bush transmitted the U.S. Additional Protocol to the Senate for its advice and consent to ratification,

which it provided on March 31, 2004. At the end of Fiscal Year 2004, legislation necessary for BIS to implement the Additional Protocol was still pending in Congress.

As part of the domestic implementation effort, BIS is expected to be designated the lead agency for issues, declarations, and inspections related to industrial nuclear fuel cycle activities and locations not licensed by the Nuclear Regulatory Commission (NRC), such as equipment manufacturing, research and development, and hard-rock uranium mines. BIS also will compile and submit the U.S. national declaration to the IAEA. During Fiscal Year 2004, BIS continued to develop draft declaration forms and regulations, and the Additional Protocol Reporting System, which will process BIS and NRC declarations and aggregate all agency submissions into a U.S. national declaration. BIS also conducted outreach with the nuclear industry to explain the Additional Protocol and BIS's planned role in implementing it.

Missile Technology Control Regime

The United States has been a member of the Missile Technology Control Regime (MTCR) since its inception in 1987. The MTCR currently has 34 member countries, all of which have agreed to coordinate their national export controls to prevent missile proliferation. Bulgaria was welcomed as the newest member of the regime in June 2004.

The annual MTCR Plenary, held in Buenos Aires, Argentina, in September 2003, focused on regional non-proliferation and outreach to non-MTCR countries. Members also agreed that the MTCR Chair should reach out to regional international organizations in order to promote broad adherence to missile non-proliferation objectives. In addition, regime members reached agreement on a number of critical modifications to the MTCR Annex. Agreement was reached on a number of parameter clarifications for existing controls to better ensure international harmonization of interpretation and implementation, such as telemetry items. Agreement was also reached on controlling the export of certain Unmanned Aerial Vehicles (UAVs) designed for the delivery of aerosols. Finally, the MTCR agreed on a regime-wide "catch all" control and

to interpret controls on technology to include intangible transfers such as visual inspections and oral briefings. These accomplishments have not only helped to combat the proliferation of the means to deliver WMD, but have leveled the regulatory burden placed on U.S. industry with the rest of the supplier nations.

The MTCR Technical Experts Meeting, held in London, England, on April 5-8, 2004, focused on technical changes to missile technology controls, including a clarification of the controls on accelerometers, guidance equipment incorporating magnetometers, internal combustion engines designed for use in UAVs, and the introduction of U.S. proposals to revise controls on ball bearings used in liquid propellant rocket engines that will be considered at the 2004 MTCR Plenary in Seoul, Korea.

Nuclear Suppliers Group

The Nuclear Suppliers Group (NSG) was formally established in 1992, and now totals 44 member countries. Four new members were admitted in Fiscal Year 2004: the People's Republic of China, Lithuania, Malta, and Estonia.

At the May 2004, annual Plenary in Gotheborg, Sweden, discussions focused on the admission of new members, interpretation of existing guidelines, agreement by NSG members to adopt nuclear "catch-all" controls, and consideration of President Bush's major nuclear non-proliferation initiatives. These latter include a number of challenges to international security posed by the proliferation of weapons of mass destruction. In particular, the President proposed that adoption of the Additional Protocol to the International Atomic Energy Agency Safeguards Agreement should be a pre-condition for export of NSG trigger-list items – items related to operation of the nuclear reactor core and under the licensing control of the Nuclear Regulatory Commission. In addition, the United States submitted a proposal to amend the NSG Guidelines to suspend nuclear trade with any state found by the IAEA Board of Governors to be in noncompliance with its safeguards obligations.

The NSG agreed that the Democratic People's Republic of Korea (DPRK) continues to pose a nuclear threat.

Building on agreements made in Fiscal Year 2003, the NSG agreed to adopt U.S.-proposed anti-terrorism amendments to the NSG Guidelines and to issue a press statement alerting supplier states to concerns regarding the DPRK's nuclear weapons program. NSG members also requested the NSG Chair to specifically alert key non-member suppliers, as well as transit states, about the risks of diversion of NSG controlled and non-controlled items to DPRK nuclear weapons programs.

Wassenaar Arrangement

The Wassenaar Arrangement is a multilateral arrangement intended to address and review 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 (COCOM) that was disbanded in 1994.

Wassenaar members undertake to maintain effective national export controls for the items on agreed control lists, which are reviewed periodically to respond to technological developments. Wassenaar's specific information-exchange requirements involve semi-annual notifications of arms transfers, covering seven categories derived from the UN Register of Conventional Arms. Members are also required to report approvals, transfers, and denials of certain listed dual-use commodities and technologies. Reporting denials helps to bring to the attention of member countries attempts to obtain strategic items that may undermine the objectives of Wassenaar.

During Fiscal Year 2004, there were several major accomplishments within Wassenaar, reflecting the changing nature of technology and the threat to global security. At the Wassenaar Plenary in Vienna, Austria, in December 2003, members agreed to tighten controls over Man Portable Air Defense Systems (MANPADS), to enhance transparency for the export of small arms and light weapons, to establish elements for national legislation for arms brokering, and to adopt end-use oriented controls encouraging member governments to impose export controls on certain unlisted items when necessary to support United Nations or regional arms embargoes.

In order to keep pace with advances in technology and developments in international security, Wassenaar members also agreed to several control list amendments, including strengthened controls on certain types of microwave electronic devices, semiconductor lasers, and navigation equipment. Wassenaar members also considered and reviewed advances in technology and market availability. A rationalization of export controls was introduced in the areas of electronic components and telecommunications equipment.

Goals For Fiscal Year 2005

In Fiscal Year 2005, BIS will continue to lead and support U.S. Government efforts to adapt and strengthen international regimes to better support U.S. national security goals.

Australia Group

BIS will work to harmonize its export control requirements with the AG guidelines, which support expedited licensing measures, but only in the case of transfers to destinations that individual AG members determine possess consistently excellent nonproliferation credentials.

Chemical Weapons Convention

BIS will work to complete and distribute the Implementation Assistance Program, a global outreach program to encourage all State Parties to the CWC to establish national legislative programs to fully implement the provisions of the CWC.

BIS will also issue amendments, as needed, to the Chemical Weapons Convention Regulations (CWCR) to clarify the scope of the CWCR, provide alternate data submission options for declarations, and update the CWCR to reflect OPCW decisions.

Missile Technology Control Regime

BIS will continue to support U.S. efforts to review and modernize MTCR Annex items to ensure that the controls properly address proliferation concerns with cruise missiles and Unmanned Aerial Vehicles (UAVs).

Nuclear Suppliers Group

BIS will assist in U.S. efforts to reach consensus in the NSG on several proposals for changing the NSG Guidelines based on President Bush's nuclear nonproliferation initiatives.

Wassenaar Arrangement

In the area of terrorism, BIS will continue to support adoption of a strong anti-terrorism initiative for Wassenaar. BIS will work to move terrorism issues beyond the discussion stage and achieve concrete agreements, such as identifying items of interest to terrorists that should be listed or included on a "watch list," or agreeing on a "catch-all" requirement, to ensure that goods and technology of all types would be controlled to known or suspected terrorists.

In the area of denial consultations, BIS will continue to seek a denial consultation mechanism in which member

countries would consult with each other before one member could approve a transfer that another had denied for security concerns. Such information sharing would promote the broad objectives of Wassenaar through increased transparency and responsibility among member nations. BIS also will continue to support proposals to increase transparency and information-sharing, notably requiring individual reporting of items on Wassenaar's Very Sensitive List to non-member countries.

In addition, BIS will work to finalize Wassenaar agreement on revisions to the list of controlled items, particularly the addition of certain focal plane arrays that are incorporated with night vision equipment. BIS will also work with other U.S. Government agencies to determine the proper scope of implementing a conventional arms "catch-all" control agreed to at the Wassenaar Plenary in December 2003.



Chapter 6: International Cooperation Programs

Mission

Advancing responsible economic growth and trade while protecting American security is a major component of the Department of Commerce's mission. In support of this goal, the Bureau of Industry and Security (BIS) promotes the development of effective export and transit control systems in key countries and transshipment hubs. By assisting in the development of effective national export control systems in other countries, BIS not only addresses issues of proliferation concern and terrorism, but also helps to level the playing field for U.S. industry. BIS conducts these activities through a combination of bilateral exchanges, multilateral conferences, and international policy initiatives.

Accomplishments In Fiscal Year 2004

Nonproliferation and Export Control Cooperation

BIS conducts an active program of international collaboration with countries seeking assistance in developing effective national export control systems. In 2004, BIS created the Office of International Programs (OIP) to manage and actively participate in BIS's bilateral and multilateral activities. OIP includes the former Nonproliferation Export Control Team, which manages BIS's ten-year old program to work with participating countries to help them develop or strengthen their national export control systems in order to stem the proliferation of nuclear, chemical and biological weapons, and their delivery systems.

During Fiscal Year 2004, BIS managed and coordinated 86 bilateral technical exchanges with 22 countries. BIS performed this function in its capacity as an implementing agency for the Department of State funded Export Control and Related Border Security Assistance Program (EXBS). Each of the exchanges focused on one of five essential components of an effective national export control system: the legal basis and framework of export con-



Under Secretary Kenneth I. Juster and other senior BIS officials meet with a delegation from the Republic of Korea.

trols; export control licensing procedures and practices; export enforcement; industry-government relations; and program administration.

The 86 activities completed in Fiscal Year 2004 represent an increase of approximately 15 percent over Fiscal Year 2003. As a result of these and prior exchanges, BIS helped remedy 41 targeted deficiencies in the export control systems of cooperating countries. The activities un-

Chapter 6: International Cooperation Programs

dertaken by BIS during Fiscal Year 2004 ranged from assisting in the drafting of laws and regulations to helping companies adopt effective compliance programs. BIS conducted cooperative bilateral export control technical workshops with Armenia, Azerbaijan, Croatia, the Czech Republic, Estonia, Hungary, India, Jordan, the Kyrgyz Republic, Latvia, Lithuania, Moldova, Pakistan, Panama, Russia, Slovakia, Slovenia, Tajikistan, Turkey, Ukraine, the United Arab Emirates, and Uzbekistan.



Office of International Programs Director Mi-Yong Kim addresses the Bureau of Industry and Security's Update Conference.

In addition to the bilateral technical exchanges, BIS participated in the First Asian Export Policy Dialogue and the Eleventh Asian Export Control Seminar in Tokyo, Japan, in October 2003, and the Global Transshipment Control Workshop, held at Valletta, Malta, in May 2004.

Through the Department of State, BIS reported to the United Nations on its implementation of the United Nations Security Council (UNSC) Resolution 1540, which calls on all states to establish, develop, review and maintain appropriate national export controls over items to prevent WMD proliferation, to control activities such as servicing, transporting, and financing of activities related to WMD proliferation, to establish end-user controls, and to enforce appropriate criminal or civil penalties for violations of such export control laws and regulations.

Internal Control Program Activities

The Internal Control Program (ICP), a software program created in 1998, plays an essential role in BIS's nonproliferation and export control cooperation mission. The ICP software tool provides companies with self-paced training, searchable databases, and templates for internal procedures related to their respective national export control systems. The ICP tool is widely used in Czech Republic, Hungary, Kazakhstan, Poland, Romania, Russia, and Ukraine. Through the ICP training program, BIS translates the software into the national language of each recipient country, prototypes the software in host country industries, provides instructor training, and offers a basic ICP workshop, followed by a specialized product classification.

Poland now requires the ICP as an element of the International Organization for Standardization compliance for its exporters. Programs in Russia and Ukraine now provide instruction at the last two levels of training and product classification. BIS held five workshops in Ukraine and 12 workshops in Russia in Fiscal Year 2004. Full scale deployment began in Estonia, Slovakia, and Slovenia.

In addition, BIS initiated development of an ICP for Latvia, Lithuania, Moldova, and Turkey.

Product Identification Tool

The Product Identification Tool (PIT), developed in Fiscal Year 2003 to combat proliferation of weapons of mass destruction (WMD), provides computer-based self-paced training and case studies on screening shipments at the border. The PIT significantly enhances cooperation between licensing and enforcement officials in intercepting unlawful traffic of WMD-related items. The PIT has an extensive database of controlled items, including photographs, that allows officials in the field to match items to information contained in export control documents. During Fiscal Year 2004, BIS initiated PIT customization projects in Estonia, Latvia, Lithuania, and Moldova and

conducted 13 PIT deployment workshops in Russia and Ukraine.

Transshipment Country Export Control Initiative

Fiscal Year 2004 marked the third year of the Commerce Department's Transshipment Country Export Control Initiative (TECI). TECI is intended to strengthen the export control systems of global transshipment hubs, while improving compliance with relevant rules by companies engaged in trade in those hubs. The two-prong TECI approach promotes government-to-government dialogue and government-to-industry cooperation in key transshipment countries regarding transshipment export controls and secure trade. In Fiscal Year 2004, BIS increased its TECI government-to-government cooperation with seven of the major transshipment hubs: Hong Kong, Malta, Panama, Singapore, Taiwan, Thailand, and the United Arab Emirates.

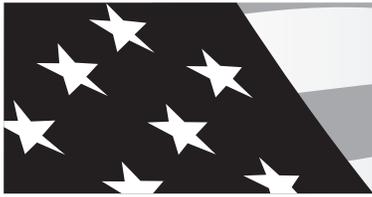
BIS also developed a set of Best Practices for Industry as part of TECI, with input from BIS's Regulations and Procedures Technical Advisory Committee. The Best Practices are targeted to assist U.S. exporters, foreign re-exporters of U.S. products, and trade facilitators, including freight forwarders, cargo carriers, and customs brokers. The Best Practices can be found on the BIS Web site at www.bis.doc.gov.

Export Control Cooperation Cooperation with Panama

BIS worked with Panamanian Government officials in Fiscal Year 2004 on a variety of export controls issues. The Legal Technical Forum, held in December 2003 in Washington, D.C., enabled Panamanian legal experts to build on prior discussions to develop the appropriate legal authorities for Panama to control the export, transit, transshipment, and re-export of dual-use items. In January 2004, BIS provided materials for a draft export control legal framework to Panama and, in July 2004, met with Panamanian officials to finalize draft export control legal authority.

Goals For Fiscal Year 2005

In Fiscal Year 2005, BIS will continue to devise and implement global strategies for adherence to nonproliferation objectives. It will continue to work closely with transshipment hubs to strengthen their controls, while also developing other programs to increase international adherence to United Nations Security Council Resolution 1540. BIS plans to maintain the number of technical exchanges to be conducted during Fiscal Year 2005 at 85, and expects to verify remediation of approximately 45 deficiencies in cooperating countries' national export control system infrastructure capabilities.



Chapter 7: U.S. Defense Industrial and Technological Base Programs and Advocacy Activities

Mission

The Bureau of Industry and Security (BIS) is the focal point within the Department of Commerce for issues related to the strength and competitiveness of the U.S. defense industrial and technological base. In partnership with U.S. industry and other U.S. Government agencies, BIS implements programs to ensure that the U.S. defense industrial and technological base has the capacity and capability to meet current and future national security, economic security, and homeland security requirements. BIS supports the U.S. defense industrial and technological base by securing timely delivery of products for approved national defense, emergency preparedness, and critical infrastructure programs; by conducting analyses of industry sectors important to U.S. national defense; and by promoting U.S. defense exports.

Accomplishments in Fiscal Year 2004

Supporting National Defense Requirements and Homeland Security

Administering the Defense Priorities and Allocations System

BIS's administration of the Defense Priorities and Allocations System (DPAS) continues to play an important role in support of the deployment of U.S. and allied forces in Iraq and Afghanistan, and in other critical national defense and homeland security requirements.

In Fiscal Year 2004, BIS worked closely with U.S. industry and the Department of Defense to utilize the DPAS to expedite the supply of defense articles needed to support Operation Iraqi Freedom and Operation Enduring Free-



Deputy Secretary of Commerce Ted Kassinger addresses the Bureau of Industry and Security's Update Conference.

dom in Afghanistan. A noteworthy example is the use of DPAS directives to ensure the delivery of special ballistic material to produce lightweight body armor for the U.S. Army and the U.S. Marine Corps.

In cooperation with the Department of Homeland Security (DHS), BIS also authorized use of the DPAS to ensure the timely delivery of physical security upgrades and improvements at a key facility to support DHS continuity of operations programs. In addition, BIS was an active participant in the Administration's review of Defense Production Act-related homeland security activities and chaired an interagency sub-working group on the industrial base.

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

BIS completed several major initiatives in Fiscal Year 2004 to monitor the strength of the U.S. defense industrial and technological base. In May 2004, BIS completed an industrial base assessment of the U.S. air delivery (parachute) industry, completed at the request of the U.S. Army's Soldier Biological and Chemical Command, which was concerned about the ability of its suppliers to meet future demand. In addition, at the request of the U.S. Air Force, BIS completed an assessment of industry's attitudes toward collaborating with the Department of Defense on research and development. BIS also published an industrial base assessment of the U.S. theater support vessel industry, which included an economic impact assessment of a possible decision to produce these vessels in the United States, completed at the request of the U.S. Army.

During Fiscal Year 2004, BIS completed its eighth report to Congress on the impact of offsets in defense trade, covering data for 1993-2002. Offsets are mandatory compensation required by foreign governments when purchasing weapons systems and services. These reports detail the impact of offsets in defense trade on U.S. defense preparedness, industrial competitiveness, employment, and trade.

In addition to its annual offset report to Congress, BIS also completed a one-time comprehensive assessment of the impact of offsets on all tiers of the industrial base, with a particular focus on how offsets affect employment. Section 7 of the Defense Production Act Reauthorization of 2003 required this additional report.

BIS's defense industrial and technological base responsibilities extend beyond the analysis of specific industry sectors. In Fiscal Year 2004, BIS, in coordination with the Department's International Trade Administration, conducted reviews of 44 foreign acquisition cases submitted to the interagency Committee on Foreign Investment in the United States to ensure that they did not threaten U.S. national security. BIS also reviewed 67 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 as to whether these transfers would interfere with ongoing sales or marketing activities of U.S. industry.

Public/Private Partnerships

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

BIS continues to work successfully with other U.S. Government agencies to help U.S. companies compete and win in the highly competitive international defense market. BIS advocates on behalf of U.S. companies for foreign defense contracts, and works closely with the Departments of State and Defense to engage foreign decision makers on the strategic, military, and economic issues associated with major defense procurements.

In Fiscal Year 2004, BIS successfully assisted U.S. companies in obtaining contracts to supply foreign governments with defense articles worth approximately \$7 billion. These sales help maintain the U.S. defense industrial and technological base and preserve high-technology employment. BIS also actively supported proposals by U.S. industry to satisfy the fixed wing, rotary aircraft, and engine requirements of a number of nations, with several multibillion dollar procurement decisions expected in Fiscal Year 2005.

BIS also worked closely with the Commerce Department's global network of commercial offices, including Export Assistance Centers across the United States, to identify defense trade opportunities for U.S. industry, to support U.S. defense trade exhibitions overseas, and to provide export counseling to U.S. industry exploring emerging market opportunities.

In February 2004, BIS also assumed the responsibility for administering the Commerce Department's NATO Security Investment Program (NSIP)-related functions. BIS now certifies U.S. companies interested in competing to supply goods and services in NSIP-funded procurements. Such certification is a requirement for American companies to qualify to compete for more than \$1 billion annually in NSIP-related procurements.

Supporting the U.S. Maritime Industry

BIS has partnered with the U.S. Coast Guard to promote the export of an array of assets being developed through the U.S. Coast Guard's Integrated Deepwater System Program to modernize its fleet of ships, aircraft, sensors, communications, and logistics infrastructure. During Fiscal Year 2004, BIS participated, as part of the Deepwater team, in maritime trade meetings in Australia, Bahrain, India, New Zealand, Singapore, Sri Lanka, Thailand, and the United States to promote the sale of Deepwater assets to foreign navies, coast guards, fisheries, and environmental agencies. These sales are intended to bolster interoperability with allied and friendly nations, create business opportunities for U.S. industry at the prime and subcontractor levels, and lower unit procurement costs for the U.S. Coast Guard.

Goals for Fiscal Year 2005

Building on Fiscal Year 2004's accomplishments, BIS will continue to partner with industry and other U.S. Government agencies to support the ability of the U.S. defense industrial and technological base to meet current and future national security requirements.

BIS will continue to work closely with U.S. industry and interagency partners, under the authority of the DPAS program, to support the production and delivery of industrial resources needed to meet national defense and homeland security requirements.

For the U.S. Army, BIS plans to complete and publish assessments of the munitions power sources industry. For the U.S. Navy, BIS intends to begin work on a comprehensive assessment of the cartridge-actuated and propellant-actuated device industry. BIS also expects to complete an assessment of the imaging and sensors industry, including an analysis of the economic strength of this industry as well as the effect of export controls on industry competitiveness.

BIS has already begun work on its ninth report on the impact of offsets in defense trade to the Congress. With the completion of this report, BIS will have collected and analyzed data on offset agreements and transactions from 1993-2003. In addition, President Bush has initiated the interagency committee on defense offsets; this group will initiate consultations with our trading partners in order to reduce or eliminate the negative impact of offsets on the competitiveness of U.S. industry.

BIS will continue to work with U.S. industry and interagency partners to support the sale of U.S. defense products overseas and will expand outreach initiatives to raise industry awareness of the defense trade advocacy program. BIS also will support the Department of Defense in negotiating bilateral Security of Supply agreements with Germany, Italy, the Netherlands, Norway, and Spain.



Appendix A: Guiding Principles of the Bureau of Industry and Security

This statement of principles represents the guiding philosophy of the Commerce Department's Bureau of Industry and Security in approaching its activities and fulfilling its responsibilities. This statement is not intended to dictate any particular regulatory action or enforcement action.

- **The Bureau's paramount concern is the security of the United States.** The Bureau's mission is to protect the security of the United States, which includes its national security, economic security, cyber security, and homeland security.
 - The Bureau's credibility—within government, with industry, and with the American people—depends upon its fidelity to this principle.
 - For example, in the area of dual-use export controls, the Bureau will vigorously administer and enforce such controls to stem the proliferation of weapons of mass destruction and the means of delivering them, to halt the spread of weapons to terrorists or countries of concern, and to further important U.S. foreign policy objectives. Where there is credible evidence suggesting that the export of a dual-use item threatens U.S. security, the Bureau must act to combat that threat.
- **Protecting U.S. security includes not only supporting U.S. national defense, but also ensuring the health of the U.S. economy and the competitiveness of U.S. industry.**
 - The Bureau seeks to promote a strong and vibrant defense industrial base that can develop and provide technologies that will enable the United States to maintain its military superiority.
- The Bureau must take great care to ensure that its regulations do not impose unreasonable restrictions on legitimate international commercial activity that is necessary for the health of U.S. industry. In protecting U.S. security, the Bureau must avoid actions that compromise the international competitiveness of U.S. industry without any appreciable national security benefits.
- **The Bureau strives to work in partnership with the private sector.** The Bureau will seek to fulfill its mission, where possible, through public-private partnerships and market-based solutions.
- U.S. security cannot be achieved without the active cooperation of the private sector, which today controls a greater share of critical U.S. resources than in the past. At the same time, the health of U.S. industry is dependent on U.S. security—of our borders, our critical infrastructures, and our computer networks.
- The symbiotic relationship between industry and security should be reflected in the formulation, application, and enforcement of Bureau rules and policies.
- **The Bureau's activities and regulations need to be able to adapt to changing global conditions and challenges.** The political, economic, technological, and security environment that exists today is substantially different than that of only a decade ago. Bureau activities and regulations can only be justified, and should only be maintained, to the extent that they reflect current global realities. Laws, regulations, or

practices that do not take into account these realities—and that do not have sufficient flexibility to allow for adaptation in response to future changes—ultimately harm national security by imposing costs and burdens on U.S. industry without any corresponding benefit to U.S. security.

- In the area of exports, these significant geopolitical changes suggest that the U.S. control regime that in the past was primarily list-based must shift to a mix of list-based controls and controls that target specific end-uses and end-users of concern.
- The Bureau also should be creative in thinking about how new technologies can be utilized in designing better export controls and enforcing controls more effectively.
- **The Bureau’s rules, policies, and decisions should be stated clearly, applied consistently, and followed faithfully.** The Bureau’s rules, policies, and decisions should be transparent and clearly stated. Once promulgated, Bureau rules and policies should be applied consistently, and Bureau action should be guided by precedent.
 - Uncertainty, and the delay it engenders, constitutes a needless transaction cost on U.S. companies and citizens, hampering their ability to compete effectively. Voluntary compliance with Bureau rules and regulations should be encouraged and, to the extent appropriate, rewarded.
 - These precepts are particularly important with respect to the application and enforcement of export controls. An effective export control regime necessarily depends upon the private sector clearly understanding and seeking to implement Bureau rules and policies voluntarily.
- **Decision making should be fact-based, analytically sound, and consistent with governing laws and regulations.** Bureau decisions should be made after careful review of all available and relevant facts and without any philosophical predisposition.
- A “reasonable person” standard should be applied to all decisions: How would a “reasonable person” decide this issue? The Bureau’s mission does not lend itself to “ideological” decision making—especially when it comes to its licensing and enforcement functions.
- It is inappropriate to recommend outcomes based on an assumption that a position will be reviewed and “pared back” by another party—whether it be another office in the Bureau or another agency of the U.S. Government. Such an approach violates the public’s trust, undermines the Bureau’s credibility, and imposes substantial costs in terms of wasted time and effort.
- **The Bureau strives to work cooperatively with other parts of the U.S. Government and with state and local governments.**
 - The Bureau shall seek to collaborate in a collegial and effective manner with other agencies and departments of the U.S. Government, including the National Security Council, the Office of Homeland Security, the State Department, the Defense Department, the Energy Department, and the intelligence community.
 - The Bureau shall consult with its oversight committees and other appropriate Members of Congress and congressional staff on matters of mutual interest.
 - The Bureau shall seek to enhance its relationships with state and local government officials and first responders to national emergencies.
- **International cooperation is critical to the Bureau’s activities.** Fulfilling the Bureau’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.

Appendix A: Guiding Principles of the Bureau of Industry and Security

- With regard to export control laws in particular, effective enforcement is greatly enhanced by both international cooperation and an effort to harmonize the substance of U.S. laws with those of our principal trading partners.
- International cooperation, however, does not mean, settling on the “lowest common denominator.” Where consensus cannot be broadly obtained, the Bureau will not abandon its principles, but should seek to achieve its goals through other means, including cooperation among smaller groups of like-minded partners.

Nothing contained herein shall create any rights or benefits, substantive or procedural, enforceable by any party against BIS, its officers and employees, or any other person.



Appendix B: Regulatory Changes in Fiscal Year 2004

Multilateral Regimes

Australia Group

On March 18, 2004, BIS published a rule implementing the understandings reached at the June 2003 plenary meeting of the Australia Group (AG) by adding 12 viruses and two bacteria to the list of AG-controlled human and zoonotic pathogens or toxins and making a conforming change based on the addition of enterohaemorrhagic *Escherichia coli*, serotype O157 and other verotoxin producing serotypes. This rule also implemented an AG intersessional decision, which was adopted after the June 2003 AG plenary meeting, by adding two viruses to the list of AG-controlled animal pathogens. Finally, this rule updated the list of States Parties to the Chemical Weapons Convention (CWC) by adding nine countries that had become States Parties to the CWC.

Missile Technology Control Regime

On May 4, 2004, BIS published a rule amending the Commerce Control List to reflect changes to the Missile Technology Control Regime (MTCR) Annex agreed to at the September 2003 MTCR Plenary held in Buenos Aires, Argentina.

Nuclear Suppliers Group

As a result of the admission of Kazakhstan to the Nuclear Suppliers Group (NSG), BIS published a rule on October 22, 2003, adding Kazakhstan to Country Group A, Column A:4, which identifies the member countries of the NSG, and to the definition of "Nuclear Suppliers Group." The NSG member countries have agreed to establish export licensing procedures for the transfer of items identified on the Annex to the "Nuclear-Related Dual-Use Equipment, Materials, and Related Technology List," which is published by the International Atomic Energy Agency.

Wassenaar Arrangement

On April 29, 2004, BIS published a rule revising certain entries controlled for national security reasons in Categories 1, 2, 3, 4, 5 Part I (telecommunications), 5 Part II (information security), 6, and 7 to conform with changes in the List of Dual-Use Goods and Technologies maintained and agreed to by governments participating in the Wassenaar Arrangement on Export Controls for Conventional Arms and Dual-Use Goods and Technologies (Wassenaar Arrangement). In addition, this rule added guidance as to how to calculate the Composite Theoretical Performance (CTP) for computer systems with 'non-uniform memory access' (NUMA) architecture, and to define NUMA.

On December 10, 2003, BIS published a rule to make the necessary changes to the Commerce Control List to implement revisions to the Wassenaar Arrangement List that were agreed upon in the December 2002 meeting, to make necessary revisions to reporting requirements and License Exception GOV restrictions, and to add a statement of understanding for medical equipment.

India

On January 12, 2004, President Bush announced the Next Steps in Strategic Partnership (NSSP) with India. The proposed cooperation outlined in the NSSP will progress through a series of reciprocal steps that build on each other, including steps related to enhancing cooperation in peaceful uses of space technology and steps to create the appropriate environment for successful high-technology commerce. On September 22, 2004, BIS published a rule implementing three initial steps the United States has agreed to take under the NSSP. These steps are: (1) removing the Indian Space Research Organization (ISRO) Headquarters, Bangalore, from the

Department of Commerce Entity List; (2) removing certain export license requirements for the seven ISRO subsidiaries listed on the Entity List; and (3) establishing a presumption of approval for all items not multilaterally controlled for nuclear proliferation reasons going to the “balance of plant” portion of Indian nuclear facilities subject to International Atomic Energy Agency safeguards (Rajasthan 1 & 2 and Tarapur 1 & 2).

Sanctions

Angola

On January 22, 2004, BIS published a rule removing from the EAR references to sanctions on Angola administered by the Department of the Treasury’s Office of Foreign Assets Control (OFAC). In response to United Nations Security Council (UNSC) resolutions regarding the conflict in Angola, the President, by Executive Order, directed the Department of the Treasury to maintain sanctions on the National Union for the Total Independence of Angola (UNITA). On December 9, 2002, the UNSC terminated the sanctions previously imposed on UNITA. On May 6, 2003, consistent with the UNSC action, the President terminated the relevant Executive Orders, effectively ending U.S. sanctions.

Cuba

On June 22, 2004 (to be effective June 30, 2004), BIS published a rule placing new limits on gift parcels and personal baggage and revising licensing policy regarding vessels and aircraft going to Cuba. It placed new restrictions on the permitted contents of gift parcels, the frequency with which they may be sent and the donees to whom they may be sent. It also limited personal baggage under a Commerce license exception to 44 pounds for most travelers to Cuba. It stated that BIS will consider on a case-by-case basis applications for vessels and aircraft on temporary sojourn to deliver humanitarian goods or services, or consistent with U.S. foreign policy interests. These changes implement certain recommendations in the May 2004 Report to the President from the Commission on Assistance to a Free Cuba.

Iraq

On July 30, 2004, BIS published a rule implementing the reversion to the Department of Commerce, from the Department of the Treasury, of the licensing responsibility for exports and reexports to Iraq of items subject to the Export Administration Regulations (EAR). This rule was consistent with United Nations Security Council Resolutions 1483 (2003) and 1546 (2004), which lifted the comprehensive United Nations trade embargo imposed on Iraq, but retained an embargo on arms and related material and their means of production.

On July 30, 2004, BIS published a rule revoking General Order No. 3 of the EAR. General Order No. 3 had imposed a license requirement for exports and reexports of all items on the Commerce Control List destined to or for Shaykh Hamad bin Ali bin Jaber Al-Thani and listed entities related to or controlled by him. This rule also removed a related provision of the EAR.

Libya

On April 29, 2004, BIS published a rule implementing the President’s April 23, 2004, decision to revise U.S. sanctions against Libya. This rule also implemented the transfer to the Department of Commerce from the Department of the Treasury of the licensing jurisdiction for exports to Libya of items subject to the EAR.

Syria

On July 30, 2004, BIS published a new General Order No. 2, implementing Section 5(a)(1) of the Syria Accountability and Lebanese Sovereignty Restoration Act of 2003 (the SAA), which required a prohibition on the export to Syria of all items on the Commerce Control List. The SAA also required that the President impose two or more of the six additional sanctions set forth in the SAA. One of the additional sanctions chosen by the President prohibited the export or reexport to Syria of products of the United States, other than food and medicine. This Order was issued consistent with Executive Order 13338 of May 11, 2004, which implements the SAA.

Licensing Jurisdiction and Control List Clarifications

Chemical Weapons Convention

On May 4, 2004, BIS published a rule correcting the description of certain precursor chemicals on the Commerce Control List to make it consistent with the list of “Schedule 2” chemicals under the Chemical Weapons Convention.

Computer and Microprocessor Technology

On October 24, 2003, BIS proposed to expand the availability of license exceptions for exports and reexports of computer technology and software, and microprocessor technology on the Commerce Control List. The goal of this proposed rule was to solicit public comments to assist BIS in evaluating the effect of the proposed amendments. In addition, this proposed rule requested industry to suggest alternatives for a different method or parameter for controlling exports of computers and microprocessors, and the technology and software therefor. (A final rule was published early in Fiscal Year 2005.)

Country Policy

On June 28, 2004, BIS published a rule removing the license requirements for certain regional stability items and for certain crime control items destined to Bulgaria, Estonia, Latvia, Lithuania, Romania, Slovakia, and Slovenia to reflect the accession of those countries to the North Atlantic Treaty Organization (NATO) on March 29, 2004. On April 20, 2004, BIS published a rule updating the Country Chart to add East Timor and the Democratic Republic of the Congo, establishing separate export licensing requirements for Aruba and Netherlands Antilles, and updating references to certain countries to reflect their officially recognized names.

Energetic Materials

On July 19, 2004, BIS published a rule removing from the Commerce Control List six chemicals that have been added to the United States Munitions List. It also added to the Commerce Control List one energetic chemical, Chemical Weapons Convention Schedule 3 chemical, one

group of oxidizers, and liquid pepper, all of which have been removed from the United States Munitions List.

Military Vehicles and Parts

On August 31, 2004, BIS published a rule clarifying the export controls on parts and components of certain military ground vehicles, adding a new class of vehicles to the Commerce Control List and providing guidance for classifying ground vehicles that are subject to the EAR and distinguishing those vehicles from those that are subject to the International Traffic in Arms Regulations.

“National Security” and “Regional Stability” Controls

On March 30, 2004, BIS published a rule amending the Commerce Control List to remove national security controls from and apply regional stability controls to four items. This rule is issued to make the EAR conform to the requirements of Section 5(c)(6)(A) of the Export Administration Act, which provides for expiration of unilateral national security controls after six months.

Penalty Guidance

On February 20, 2004, BIS published a rule on how BIS determines what penalty is appropriate for the settlement of an administrative enforcement case and when warning letters should be issued. It identified both general factors and specific mitigating and aggravating factors, which BIS typically considers. The guidance does not apply to antiboycott matters arising under part 760 of the EAR. It reflects BIS’s evaluation of the comments received on the proposed rule of September 17, 2003.

Protective Equipment

On May 6, 2004, BIS published a rule revising Export Control Classification Number (ECCN) 1A004 to conform to language in the Wassenaar Arrangement List of Dual-Use Goods and Technologies entry 1.A.4 (the Dual Use List) thereby imposing national security and anti-terrorism license requirements on those items. It also created a new ECCN 1A995 to impose antiterrorism controls on certain items that are excluded from that entry of the Dual-Use List.

QRS11 Micromachined Angular Rate Sensors

On February 9, 2004, BIS published a rule to transfer, coincident with the State Department's written commodity jurisdiction determination, licensing jurisdiction for QRS11-00100-100/101 Micromachined Angular Rate Sensors from the Department of State to the Department of Commerce when those sensors are integrated into an instrument system or aircraft, or are exported solely for integration into such a system. This rule also excluded systems or aircraft integrating QRS11-00100-100/101 sensors from eligibility for the *de minimis* provisions of the EAR, and excluded the sensors from license exception eligibility.

Simplified Network Application Processing (SNAP)

On November 12, 2003, BIS published a proposed rule that would require that a new version of BIS's Internet-based Simplified Network Application Processing System (SNAP+) be used to submit all export and reexport license applications (except those for Special Comprehensive Licenses), encryption review requests, classification requests and License Exception AGR notifications. It would also require that documents that must be submitted with those filings be "attached" as PDF files that, if they contain text, are text searchable. The proposed rule would also set forth the procedures for implementing SNAP+ and the responsibilities of users of the system. BIS solicited public comment on these proposals.



Appendix D: Summaries and Tables of Closed Export Enforcement Cases and Criminal Cases

Table 1
Department of Commerce Export Enforcement Cases
Closed October 1, 2003 to September 30, 2004

Order Date	Cases	Charges	Sections Violated ¹	Respondents	Result
10/06/03	In the Matter of Trane Export LLC	Violated the terms of an order denying the export privileges of Realtek Semiconductors Co. Ltd. by participating in a transaction with Realtek involving commodities that were subject to the Regulations and that were exported from the United States	764.2(k) [1]	Trane Export LLC	Settlement Agreement—civil penalty of \$5,000
10/06/03	In the Matter of Trane Taiwan Distribution Limited	Violated the terms of an order denying the export privileges of Realtek Semiconductors Co. Ltd. by participating in a transaction with Realtek involving commodities that were subject to the Regulations and that were exported from the United States	764.2(k)[11]	Trane Taiwan Distribution Limited	Settlement Agreement—civil penalty of \$27,000
10/16/03	In the Matter of World Control International, Inc.	Made false or misleading statement of material fact in connection with the preparation of an export control document	764.2(g) [1]	World Control International, Inc.	Settlement Agreement—civil penalty of \$3,000
11/04/03	In the Matter of Sigma Enterprises Limited	Conspiracy involving exporting spare parts for hydraulic shears from the United States to Libya without the required export licenses; took actions to evade the Regulations	764.2(d)[1] 764.2(h)[1]	Sigma Enterprises Limited	Settlement Agreement—civil penalty of \$18,000
11/04/03	In the Matter of John Clements	Conspiracy involving exporting spare parts for hydraulic shears from the United States to Libya; caused parts for hydraulic shears to be forwarded domestically knowing that the parts were to be exported from the United States to Libya	764.2(d)[1] 764.2(e)[1]	John Clements	Settlement Agreement—civil penalty of \$12,000

¹For administrative enforcement cases under Part 766 of the EAR, the number shown in brackets is the number of violations alleged.

Appendix D: Summaries of Closed Criminal and Administrative Export Enforcement Cases

Table 1
Department of Commerce Export Enforcement Cases
Closed October 1, 2003 to September 30, 2004 (Continued)

Order Date	Cases	Charges	Sections Violated ¹	Respondents	Result
11/04/03	In the Matter of Minequip Corporation	Conspiracy involving exporting spare parts for hydraulic shears from the United States to Libya; caused parts for hydraulic shears to be forwarded domestically knowing that the parts were to be exported from the United States to Libya	764.2(d)[1] 764.2(e)[1]	Minequip Corporation	Settlement Agreement—civil penalty of \$12,000
11/12/03	In the Matter of Future Metals, Inc.	Exported aluminum bars to India without the required export licenses and with knowledge that violations would occur; exported aluminum sheets and stainless steel tubes to Hindustan Aeronautics Limited, Engine Division, in India, an organization of the Department of Commerce Entity List without the required licenses and with knowledge that violations would occur; failed to retain certain export control documents	764.2(a)[17] 764.2(e)[17] 764.2(i)[6]	Future Metals, Inc.	Settlement Agreement—civil penalty of \$180,000
11/12/03	In the Matter of Omega Engineering Incorporated	Exported certain laboratory equipment to Pakistan, although the Commerce Department had denied a license for the same shipments and with knowledge that a violation would occur; made false statements on a Shipper's Export Declaration regarding the ultimate destination, the ultimate consignee and license requirement	764.2(a) [4] 764.2(g) [12] 764.2(e) [1]	Omega Engineering Incorporated	Settlement Agreement—civil penalty of \$187,000; export privileges denied for five years to Pakistan
11/12/03	In the Matter of Ralph Michel	Made or caused exports of laboratory equipment from the United States to Pakistan via Germany contrary to the denial of a export license application and with knowledge of a violation; made false statements of Shipper's Export Declaration regarding the ultimate destination	764.2(a) [4] 764.2(e) [1] 764.2(b)[1]	Ralph Michel	Settlement Agreement—export privileges denied for five years to Pakistan
11/17/03	In the Matter of Ahwaz Steel Commercial & Technical Service Gmbh	Caused the export of various items subject to the Regulations and the Iranian Transactions Regulations to Iran via Germany without prior authorization from the Office of Foreign Assets Control	764.2(b)[8]	Ahwaz Steel Commercial & Technical Service Gmbh	Settlement Agreement—civil penalty of \$50,000; export privileges denied for five years, three years suspended

¹For administrative enforcement cases under Part 766 of the EAR, the number shown in brackets is the number of violations alleged.

Appendix D: Summaries of Closed Criminal and Administrative Export Enforcement Cases

**Table 1
Department of Commerce Export Enforcement Cases
Closed October 1, 2003 to September 30, 2004 (Continued)**

Order Date	Cases	Charges	Sections Violated¹	Respondents	Result
11/17/03	In the Matter of Metal & Mineral Trade Sarl	Aided and abetted the exports of items from the United States to Iran without the required authorization from the Office of Foreign Assets Control (OFAC); caused the export of items from the United States to Iran without the required authorization from the OFAC and with knowledge that a violation would occur	764.2(b)[5] 764.2(e)[1]	Metal & Mineral Trade Sarl	Settlement Agreement—civil penalty of \$35,000; export privileges denied for five years, three years suspended
12/04/03	In the Matter of Reliance Steel & Aluminum Company	Exported aluminum alloy rods to the People's Republic of China, Taiwan, Malaysia, and Singapore, without the required licenses; made false or misleading statements on SEDs	764.2(a) [13] 764.2(g) [12]	Reliance Steel & Aluminum Company, acting through its Bralco Metals division	Settlement Agreement—civil penalty of \$95,850
12/15/03	In the Matter of Automated Systems, Ltd.	Aided and abetted the export of a computer from the United States to a military end-user in People's Republic of China without a license from the Department of Commerce and with knowledge of a violation	764.2(b) [1] 764.2(e) [1]	Automated Systems, Ltd.	Settlement Agreement—civil penalty of \$22,000; not engage in any activity subject to the Regulations that involves Changsha Institute of Science and Technology (CIST) without prior written consent from BIS; and provide a report to Special Agent in Charge Salcido concerning ASL's exports or reexports to the People's Republic of China (exclusive of the Hong Kong Special Administrative Region) of computers and related parts and equipment made during the one year period from the date of the Order that are subject to the Regulations

¹For administrative enforcement cases under Part 766 of the EAR, the number shown in brackets is the number of violations alleged.

Appendix D: Summaries of Closed Criminal and Administrative Export Enforcement Cases

Table 1
Department of Commerce Export Enforcement Cases
Closed October 1, 2003 to September 30, 2004 (Continued)

Order Date	Cases	Charges	Sections Violated ¹	Respondents	Result
12/15/03	In the Matter of TLC Precision Wafer Technology	Exported or caused to be exported an aluminum gallium arsenide/gallium arsenide epitaxial wafer from the United States to Brazil and Israel; failed to submit Shipper's Export Declaration (SED); made false statements on SED concerning authority to export oscillator chips to Israel	764.2(a) [3] 764.2(g) [2]	TLC Precision Wafer Technology	Settlement Agreement—civil penalty of \$35,000, \$20,000 suspended for one year
12/15/03	In the Matter of ABO (USA) Inc.	Conspiracy; exported or caused to be exported night vision scopes to Japan without the required license	764.2(d) [1] 764.2(a) [1]	ABO (USA) Inc.	Settlement Agreement—civil penalty of \$20,000, all of which is suspended; export privileges denied to all destinations other than Canada for two years
12/15/03	In the Matter of Sun Microsystems, Inc.	Exported a high performance computer ("HPC") from the United States to a military end-user in the People's Republic of China, and exported a HPC to a military end-user in Egypt, (Egyptian Army), without the required licenses and with knowledge that a violation would occur; made false representation as to country of ultimate destination on SED; altered a document responsive to a BIS subpoena; failed to comply with conditions of BIS export licenses; used shipping documents that did not conform with BIS licenses; failed to maintain the required records; failed to identify the ultimate consignee and intermediate consignee on the documents; made false statement on SED as to the authority to export	764.2(a) [18] 764.2(i) [2] 764.2(g) [3] 764.2(e) [1]	Sun Microsystems, Inc	Settlement Agreement—civil penalty of \$264,000; export privileges denied for one year, all of which is suspended, and one year prohibition on engaging in export transactions with Changsta Institute of Science and Technology and the Egyptian Army

¹For administrative enforcement cases under Part 766 of the EAR, the number shown in brackets is the number of violations alleged.

Appendix D: Summaries of Closed Criminal and Administrative Export Enforcement Cases

**Table 1
Department of Commerce Export Enforcement Cases
Closed October 1, 2003 to September 30, 2004 (Continued)**

Order Date	Cases	Charges	Sections Violated¹	Respondents	Result
12/15/03	In the Matter of Sun Microsystems China, Ltd	Aided and abetted the export of a high performance computer to a military end-user in the People's Republic of China, the Changsha Institute of Science and Technology, without the required license	764.2(b) [1]	Sun Microsystems China, Ltd	Settlement Agreement— civil penalty of \$11,000; will not participate in transactions subject to the Regulations the Changsha Institute of Science and Technology (CIST) in the People's Republic of China for one year
involving					
12/15/03	In the Matter of Sun Microsystems California, Ltd	Aided and abetted the export of an HPC to a military end-user in the People's Republic of China, the Changsha Institute of Science and Technology, without the required license	764.2(b) [1]	Sun Microsystems California, Ltd	Settlement Agreement— civil penalty of \$11,000; will not participate in transactions subject to the Regulations involving the Changsha Institute of Science and Technology (CIST) in the People's Republic of China for one year
12/15/03	In the Matter of Sun Microsystems, Inc.	Failed to comply with a condition of BIS export license	764.2(a) [1]	Sun Microsystems, Inc.	Settlement Agreement— civil penalty of \$5,000
12/29/03	In the Matter of Honeywell International, Inc.	Exported hydrogen fluoride to Mexico without obtaining authorization from BIS	764.2(a)[12]	Honeywell International, Inc.	Settlement Agreement— civil penalty of \$36,000
12/29/03	In the Matter of Mahmoud Haghsheno Kashani, also known as Mike Kashani	Attempted to export replacement parts for multiple gas analyzers from the United States through Germany to Iran without prior authorization from the OFAC, and with knowledge that a violation would occur; made false statements to the U.S. supplier to evade the provisions of the Regulations relating to Iran	764.2(c) [1] 764.2(e) [1] 764.2(h) [1]	Mahmoud Haghsheno Kashani, also known as Mike Kashani, acting as an officer of Zimex, Inc.	Settlement Agreement—export privileges denied for five years

¹For administrative enforcement cases under Part 766 of the EAR, the number shown in brackets is the number of violations alleged.

Appendix D: Summaries of Closed Criminal and Administrative Export Enforcement Cases

Table 1
Department of Commerce Export Enforcement Cases
Closed October 1, 2003 to September 30, 2004 (Continued)

Order Date	Cases	Charges	Sections Violated ¹	Respondents	Result
1/15/03	In the Matter of Emcore Corporation	Exported metal organic chemical vapor disposition tools to Taiwan and serviced unlicensed tools without obtaining the required licenses; failed to file Shipper's Export Declaration; failed to retain export control documents; failed to submit export control documents to BIS as required by conditions on export licenses; made false statements on SED concerning the authority to export	764.2(a) [56] 764.2(g)[13] 764.2(i) [2]	Emcore Corporation	Settlement Agreement— civil penalty of \$400,000
1/15/03	In the Matter of Massive International Incorporated	Attempted to export hydraulic stud tensioners to Bharat Heavy Electrical Limited of Tiruchirapalli, India, an organization on the Entity List, without the required license and with knowledge that a violation would occur	764.2(a) [1] 764.2(e) [1]	Massive International Incorporated	Settlement Agreement— civil penalty of \$13,000
1/30/03	In the Matter of Denton Vacuum, LLC	Exported a sputtering system to Solid State Physics Laboratory, New Delhi, India, an organization of the Entity List; made a false statement on Shipper's Export Declaration	764.2(a) [1] 764.2(g) [1]	Denton Vacuum, LLC	Settlement Agreement— civil penalty of \$7,000
2/15/03	In the Matter of Global Dynamics Corporation	Exported and attempted to export military truck parts to the Republic of Korea without the required licenses	764.2(a) [6] 764.2(c) [1]	Global Dynamics Corporation	Settlement Agreement— civil penalty of \$38,000, \$8,000 suspended for one year
2/5/03	In the Matter of Jeffrey Woodbridge	Conspiracy involving exporting spare parts for hydraulic shears from the United States to Libya without the required export license; took actions to evade the Regulations	764.2(d) [1] 764.2(h) [1]	Jeffrey Woodbridge	Settlement Agreement— civil penalty of \$15,000
2/23/03	In the Matter of Polytrust Technologies (S) Pte. Ltd. and Phua Tin Mong, also known as Fred Phua	Transferred or caused the transfer of five optical gun sighting devices in violation of a license condition and with knowledge that a violation would occur	764.2(a) [1] 764.2(e) [1]	Polytrust Technologies (S) Pte. Ltd. and Phua Tin Mong, also known as Fred Phua	Settlement Agreement— civil penalty of \$5,000

¹For administrative enforcement cases under Part 766 of the EAR, the number shown in brackets is the number of violations alleged.

Appendix D: Summaries of Closed Criminal and Administrative Export Enforcement Cases

Table 1
Department of Commerce Export Enforcement Cases
Closed October 1, 2003 to September 30, 2004 (Continued)

Order Date	Cases	Charges	Sections Violated¹	Respondents	Result
2/24/03	In the Matter of Morton International, Inc., Morton International, S.A.S, Rohm and Haas Japan K.K	Morton International, Inc. exported and attempted to export thiodiglycol and organo-inorganic compounds to Mexico, Singapore and Taiwan without the required licenses (13 violations); Morton International S.A.S. reexported organo-inorganic compounds from France to Israel, Poland, and Tunisia without the required licenses (19 violations); Rohm and Haas Japan K.K. reexported organo-inorganic compounds from Japan to Taiwan and India without the required licenses (117 violations)	764.2(a)[147] 764.2(c)[2]	Morton International, Inc., Morton International, S.A.S, Rohm and Haas Japan K.K	Settlement Agreement—a civil penalty of \$239,500 against Morton International; civil penalty of \$57,000 against Morton International, S.A.S; and a civil penalty of \$351,000 against Rohm and Haas Japan
2/26/03	In the Matter of Dunmore Corporation	Exported metallized polyimide films to India without obtaining the required authorization	764.2(a)[4]	Dunmore Corporation	Settlement Agreement— civil penalty of \$27,000
3/04/03	In the Matter of Alicat Scientific, Inc.	Caused the export of mass flow meters and power supplies to the Department of Atomic Energy, Mumbai, India, an organization on the Entity List	764.2(a) [1]	Alicat Scientific, Inc.	Settlement Agreement— civil penalty of \$7,000, \$2,000 suspended for one year
3/10/03	In the Matter of Atlas Copco Compressors Inc.	Caused the shipment of seals and o-rings to Bharat Heavy Electrical Limited, Hyderabad, India (BEL), an organization on the Entity List; engaged in prohibited conduct by submitting an export license application to BIS that sought authorization to ship items that had already been shipped	764.2(a) [2]	Atlas Copco Compressors Inc.	Settlement Agreement—civil penalty of \$13,000

¹For administrative enforcement cases under Part 766 of the EAR, the number shown in brackets is the number of violations alleged.

Appendix D: Summaries of Closed Criminal and Administrative Export Enforcement Cases

**Table 1
Department of Commerce Export Enforcement Cases
Closed October 1, 2003 to September 30, 2004 (Continued)**

Order Date	Cases	Charges	Sections Violated¹	Respondents	Result
3/19/03	In the Matter of Yaudat Mustafa Talyi, a.k.a. Joseph Talyi	TDO: Reason to believe that there was a risk of an imminent violation based on evidence that Talyi, through his company International Business Services, Inc., exported or participated in the export of U.S.-origin items to Libya and Sudan without obtaining the necessary authorizations from BIS or the Treasury Department's Office of Foreign Assets Control; attempted to mislead U.S. suppliers about the ultimate destination and end-user of the items ordered by falsely claiming that they were bound for destinations such as the United Arab Emirates or Venezuela while the items were designed for oil field equipment in Libya and Sudan	764.2(a) 764.2(d) 764.2(g)	Yaudat Mustafa Talyi, a.k.a. Joseph Talyi	TDO renewed for 180 days and modified it by removing International Business Services, Ltd. and Top Oil Tools, Ltd., Uni-Arab Engineering and Oil Field Services, Jaime Radi Mustafa and Nureddin Shaffiff Sehweil (see also 9/13/04 entry)
3/19/03	In the Matter of Uni-Arab Engineering and Oil Field Services, Jaime Radi Mustafa, a.k.a. Radi Mustafa and Nureddin Shariff Sehweil, a.k.a. Dean Sehweil	TDO: Reason to believe that there was a risk of an imminent violation based on evidence that Uni-Arab Engineering and Oil Field Services engaged in the business of exporting U.S.-origin items to Libya. Radi Mustafa and Dean Sehweil have given false and misleading statements to BIS on their own behalf and on behalf of Uni-Arab as part of filings opposing being named as related persons to Talyi in the modified TDO. Uni-Arab deliberately and covertly violated the initial TDO	764.2(a) 764.2(d) 764.2(e) 764.2(g) 764.2(k)	Uni-Arab Engineering and Oil Field Services, Jaime Radi Mustafa, a.k.a. Radi Mustafa and Nureddin Shariff Sehweil, a.k.a. Dean Sehweil	Issued TDO denying export privileges for 180 days
4/02/03	In the Matter of Molecular Probes, Inc.	Exported conotoxin and tetrodotoxin from the United States to various destinations including Canada, Japan, and France without the required licenses	764.2(a) [97]	Molecular Probes, Inc.	Settlement Agreement— civil penalty of \$266,750

¹For administrative enforcement cases under Part 766 of the EAR, the number shown in brackets is the number of violations alleged.

Appendix D: Summaries of Closed Criminal and Administrative Export Enforcement Cases

**Table 1
Department of Commerce Export Enforcement Cases
Closed October 1, 2003 to September 30, 2004 (Continued)**

Order Date	Cases	Charges	Sections Violated¹	Respondents	Result
4/02/03	In the Matter of New Focus, Inc.	Exported microwave solid state amplifiers and technology related to solid state amplifiers from the United States to the Czech Republic, Singapore, and Chile without obtaining the required licenses; exported technology related to solid state amplifiers, photoreceivers and other telecommunication components to an Iranian and Chinese national that were deemed to be exports; made false or misleading statements on Shipper's Export Declaration	764.2(a) [6] 764.2(g)[2]	New Focus, Inc.	Settlement Agreement—civil penalty of \$200,000
4/14/03	In the Matter of RLC Electronics, Inc.	Exported power dividers and low pass filters to the Indian Space Research Organization ("ISRO"), Telemetry, Tracking and Command Network ("ISTRAC"), Bangalore, India, and exported position switches to Sriharikota Space Center ("SHAR"), Bangalore, India, organizations on the Entity List without the required licenses; filed a Shipper's Export Declaration that represented falsely that the export to ISRO was eligible for export as NLR	764.2(a)[4] 764.2(g)[1]	RLC Electronics, Inc.	Settlement Agreement—civil penalty of \$30,000
4/14/03	In the Matter of Roper Scientific, Inc.	Exported thermal imaging cameras from the United States to various destinations, including Japan, South Korea and Italy, without the required export licenses; sold or serviced imaging cameras, knowing that they were to be exported from the United States in violation of the Regulations; failed to retain required export control documents; made false statements on Shipper's Export Declaration concerning ECCN and authority to export	764.2(a)[40] 764.2(e)[40] 764.2(g)[2] 764.2(i) [39]	Roper Scientific, Inc.	Settlement Agreement—civil penalty of \$422,000
05/03/04	In the Matter of ADCO Sales, Inc.	Exported optical sighting devices to Hong Kong, Switzerland, and Israel without obtaining the required licenses	764.2(a)[4]	ADCO Sales, Inc.	Settlement Agreement—civil penalty of \$2,000

¹For administrative enforcement cases under Part 766 of the EAR, the number shown in brackets is the number of violations alleged.

Appendix D: Summaries of Closed Criminal and Administrative Export Enforcement Cases

Table 1
Department of Commerce Export Enforcement Cases
Closed October 1, 2003 to September 30, 2004 (Continued)

Order Date	Cases	Charges	Sections Violated ¹	Respondents	Result
05/06/04	In the Matter of Charlie Kuan	Aided and abetted the unlicensed export of detector log video amplifiers by authorizing the procurement of the detector log video amplifiers knowing or having reason to know that they would be exported to the People's Republic of China (PRC) without the required licenses; arranged for the entrance of citizens of the PRC into the United States, knowing or having reason to that a U.S. company (Suntek) would release the U.S.-origin technology without the required licenses; made false statements on license application to BIS	787A.2[1] 764.2(e)[6] 764.2(b)[9] 764.2(a)[1]	Charlie Kuan	Settlement Agreement—civil penalty of \$187,000, all of which is suspended; export privileges denied for 20 years
05/06/04	In the Matter of Suntek Microwave	Aided and abetted the unlicensed export of detector log video amplifiers by selling them to Silicon Valley Scientific Instruments Corporation (SVSIC) who then exported them to PRC without the required license; transferred detector log amplifiers to SVSIC knowing or having reason to know that they would be exported to the PRC without the required licenses; released U.S.-origin technology to citizens of the PRC without the required licenses; made false statements on license application to BIS; exported detector log video amplifiers to PRC without obtaining the required licenses and sold or transferred them with knowledge that the required licenses were not obtained	787A.2[1] 764.2(e)[6] 764.2(a)[14] 764.2(g)[4]	Suntek Microwave	Settlement Agreement—civil penalty of \$275,000, all of which is suspended; export privileges denied for 20 years
05/12/04	In the Matter of Arian Transportvermittlungs GmbH	Reexported computers and software from Germany to Iran without obtaining the required license; caused the transport of computers and software to Iran with knowledge that a violation would occur	764.2(a)[1] 764.2(e)[1]	Arian Transportvermittlungs GmbH	Default Order: Export privileges denied for 10 years
05/24/04	In the Matter of Jason Liao, individually and doing business as JFD International	Exported detector log video amplifiers to the PRC without the required licenses and with knowledge that a violation would occur; aided and abetted the release of U.S.-origin technology to citizens of the PRC (deemed export) without the required licenses	787A.6 [1] 787A.4 [1] 764.2(a) [1] 764.2(e) [1] 764.2(b) [1]	Jason Liao, individually and doing business as JFD International	Final Order (litigated case) Civil penalty of \$55,000; export privileges denied for 20 years

¹For administrative enforcement cases under Part 766 of the EAR, the number shown in brackets is the number of violations alleged.

Appendix D: Summaries of Closed Criminal and Administrative Export Enforcement Cases

**Table 1
Department of Commerce Export Enforcement Cases
Closed October 1, 2003 to September 30, 2004 (Continued)**

Order Date	Cases	Charges	Sections Violated¹	Respondents	Result
06/04/04	In the Matter of General Monitors, Inc.	Exported gas and fire detection equipment from the United States to Bharat Heavy Electrical Limited of Hyderabad, India (BEL), an organization on the Entity List without the required licenses; made false statements on Shipper's Export Declarations	764.2(a)[6] 764.2(g)[12]	General Monitors, Inc.	Settlement Agreement—civil penalty of \$40,000
06/08/04	In the Matter of Stoelting Company	Exported parts for polygraph equipment to the PRC without the required licenses and with knowledge that a violation of the Regulations would occur; attempted to export monitors for polygraph equipment to the PRC without the required license; arranged for items to be shipped to Italy and then forwarded to PRC in an attempt to evade the license requirement under the Regulations	764.2(a)[3] 764.2(e)[3] 764.2(c)[1] 764.2(h)[1]	Stoelting Company	Settlement Agreement—civil penalty of \$44,000; export privileges denied for five years, all of which is suspended
06/08/04	In the Matter of Lavern A. Miller	Exported parts for polygraph equipment to the PRC without the required licenses and with knowledge that a violation of the Regulations would occur; attempted to export monitors for polygraph equipment to the PRC without the required license; arranged for items to be shipped to Italy and then forwarded to PRC in an attempt to evade the license requirement under the Regulations	764.2(a)[3] 764.2(e)[3] 764.2(c)[1] 764.2(h)[1]	Lavern A. Miller	Settlement Agreement—civil penalty of \$44,000
06/24/04	In the Matter of Atotech USA Inc.	Exported a corrosive chemical substance to Hong Kong without the required license and with knowledge that a violation of the Regulations was intended to occur; made a false statement on SED	764.2(a) [1] 764.2(e) [1] 764.2(g) [1]	Atotech USA Inc.	Settlement Agreement—civil penalty of \$14,000
06/24/04	In the Mater of BNC Corp. also known as Berkeley Nucleonics Corporation	Attempted to export pulse generators to the Directorate of Purchase and Stores, Department of Atomic Energy (DPS) in India and the Nuclear Power Corporation, organizations on the Entity List without the required licenses; attempted to export a pulse generator from the United States to the DPS in India	764.2(a) [4] 764.2(c) [1]	BNC Corp. also known as Berkeley Nucleonics Corporation	Settlement Agreement—civil penalty of \$55,000; export privileges denied for five years, all of which is suspended

¹For administrative enforcement cases under Part 766 of the EAR, the number shown in brackets is the number of violations alleged.

Appendix D: Summaries of Closed Criminal and Administrative Export Enforcement Cases

Table 1
Department of Commerce Export Enforcement Cases
Closed October 1, 2003 to September 30, 2004 (Continued)

Order Date	Cases	Charges	Sections Violated ¹	Respondents	Result
06/24/04	In the Matter of Caliber, Inc.	Exported and attempted to export 12 gauge shotguns to Costa Rica without the required licenses; made false or misleading representation on SED concerning authority to export; failed to provide required information on SED	764.2(a) [3] 764.2(c) [1] 764.2(g) [1]	Caliber, Inc	Settlement Agreement—civil penalty of \$20,700
06/24/04	In the Matter of Helka GmbH	Exported an Intergraph PhotoScan TD system to Iran via Germany without the required licenses and with knowledge that a violation of the Regulations was about to occur; solicited Intergraph GmbH to service the goods which had been exported to Iran	764.2(a) [1] 764.2(c) [1] 764.2(e) [1]	Helka GmbH	Settlement Agreement—civil penalty of \$15,000
06/24/04	In the Matter of Kennametal Inc.	Exported nickel powder to Israel, Chile, Mexico, Peru, Taiwan, and India without the required licenses; made false or misleading representation on SED concerning authority to export; failed to retain export control documents	764.2(a) [45] 764.2(g) [27] 764.2(i) [3]	Kennametal Inc.	Settlement Agreement—civil penalty of \$262,500
06/24/04	In the Matter of Pratt & Whitney	Export technical data to various destinations, including PRC, Japan, and Singapore without the required licenses and with knowledge that violations of the Regulations would occur; exported technology data to a Spanish, Dutch, and German national that was deemed to be an export; failed to retain export control documents	764.2(a) [20] 764.2(e) [11] 764.2(i) [11]	Pratt & Whitney	Settlement Agreement—civil penalty of \$150,000
06/24/04	In the Matter of The Sentry Company	Exported heat treating containers to Bharat Dynamics Ltd., Hyderabad, India, an organization on the Entity List without the required licenses	764.2(a) [4]	The Sentry Company	Settlement Agreement—civil penalty of \$25,000
06/24/04	In the Matter of Saint Gobain Performance Plastics Corporation	Exported various valves and pumps to Israel and Taiwan without the required licenses; and was liable for some unlicensed exports as a successor; failed to file SEDs; made false or misleading representation on SEDs concerning authority to export; failed to properly complete SEDs	764.2(a) [159] 764.2(g) [30]	Saint Gobain Performance Plastics Corporation	Settlement Agreement—civil penalty of \$697,500

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Appendix D: Summaries of Closed Criminal and Administrative Export Enforcement Cases

**Table 1
Department of Commerce Export Enforcement Cases
Closed October 1, 2003 to September 30, 2004 (Continued)**

Order Date	Cases	Charges	Sections Violated¹	Respondents	Result
07/30/04	In the Matter of Kwik-Site Corporation	Exported firearms scopes mounts to Canada, Austria, Finland, Macedonia, Sweden, and Switzerland without the required licenses	764.2(a) [101]	Kwik-Site Corporation	Settlement Agreement—civil penalty of \$54,000; \$27,000 suspended for one year
08/12/04	In the Matter of Aura Ltd.	Aided and abetted the export of bone densitometer equipment to Iran without prior authorization from OFAC	764.2(b) [5]	Aura Ltd.	Settlement Agreement—export privileges denied for two years
08/12/04	In the Matter of Zlatko Brkic	Attempted to export handcuffs to Bosnia and Herzegovina without the required license and with knowledge that a violation would occur	764.2(c) [1] 764.2(e) [1]	Zlatko Brkic	Settlement Agreement—civil penalty of \$20,000, all of which suspended; export privileges denied for two years
08/12/04	In the Matter of Ibn Khaldoun Drug Store Est.	Aided and abetted the export of bone densitometer equipment to Iran without prior authorization from OFAC	764.2(b) [8]	Ibn Khaldoun Drug Store Est.	Settlement Agreement—civil penalty of \$40,000
08/12/04	In the Matter of Gebruder Weiss Ges. m.b.H.	Aided and abetted the export of thyroglobulin testing kits from the United States through Austria to Iran without prior authorization from OFAC	764.2(b) [1]	Gebruder Weiss Ges. m.b.H.	Settlement Agreement—civil penalty of \$6,000
08/30/04	In the Matter of Chyron Corporation	Exported animation system to the Space Application Center in Ahmedabad, India, an organization on the Entity List, without the required license and with knowledge that a violation of the Regulations would occur; made false or misleading statement on SED	764.2(a) [1] 764.2(e) [1] 764.2(g) [1]	Chyron Corporation	Settlement Agreement—civil penalty of \$15,300
08/30/04	In the Matter of New Brunswick Scientific Co., Inc.	Exported lab equipment, software, and fermentor to the Directorate of Purchase and Stores, Department of Atomic Energy (DPS) in India, an organization on the Entity List, without the required licenses; failed to file SEDs; exported fermentors to Taiwan and Israel without the required licenses; made false or misleading statements on SEDs	764.2(a) [9] 764.2(g) [3]	New Brunswick Scientific Co., Inc	Settlement Agreement—civil penalty of \$51,000

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Appendix D: Summaries of Closed Criminal and Administrative Export Enforcement Cases

Table 1
Department of Commerce Export Enforcement Cases
Closed October 1, 2003 to September 30, 2004 (Continued)

Order Date	Cases	Charges	Sections Violated ¹	Respondents	Result
09/13/04	In the Matter of Lattice Semiconductor Corporation	Exported extended temperature range programmable logic devices and technical data to PRC without obtaining the required authorization; exported technical data to a Chinese national that was deemed to be an export	764.2(a) [12]	Lattice Semiconductor Corporation	Settlement Agreement—civil penalty of \$560,000
09/13/04	In the Matter of Yaudat Mustafa Talyi, a.k.a. Joseph Talyi	TDO: Reason to believe that there was a risk of an imminent violation based on evidence that Talyi, through his company International Business Services, Inc., exported or participated in the export of U.S.-origin items to Libya and Sudan without obtaining the necessary authorizations from BIS or the Treasury Department's Office of Foreign Assets Control; attempted to mislead U.S. suppliers about the ultimate destination and end-user of the items ordered by falsely claiming that they were bound for destinations such as the United Arab Emirates or Venezuela while the items were designed for oil field equipment in Libya and Sudan	764.2(a) 764.2(d) 764.2(g)	Yaudat Mustafa Talyi, a.k.a. Joseph Talyi	TDO renewed for 180 days
09/23/04	In the Matter of Ebara International Corporation	Conspiracy to export cryogenic pumps to Iran without required authorization; exported and attempted to export cryogenic pumps to Iran without the required authorization from OFAC and with knowledge that a violation of the Regulations would occur; failed to file SED; took actions to evade the U.S. Government's licensing requirements for the export of cryogenic pumps to Iran; made false statement to an OEE Special Agent in the course of an investigation	764.2(d) [1] 764.2(a) [2] 764.2(e) [2] 764.2(c) [1] 764.2(h) [4] 764.2(g) (1)	Ebara International Corporation	Settlement Agreement—civil penalty of \$121,000; export privileges denied for three years, all of which is suspended

¹For administrative enforcement cases under Part 766 of the EAR, the number shown in brackets is the number of violations alleged.

Appendix D: Summaries of Closed Criminal and Administrative Export Enforcement Cases

**Table 1
Department of Commerce Export Enforcement Cases
Closed October 1, 2003 to September 30, 2004 (Continued)**

Order Date	Cases	Charges	Sections Violated¹	Respondents	Result
09/23/04	In the Matter of Everett Hylton	Conspiracy to export cryogenic pumps to Iran without required authorization; exported and attempted to export cryogenic pumps to Iran without the required authorization from OFAC and with knowledge that a violation of the Regulations would occur; failed to file SED; took actions to evade the U.S. Government's licensing requirements for the export of cryogenic pumps to Iran	764.2(d) [1] 764.2(a) [1] 764.2(e) [2] 764.2(c) [1] 764.2(h) [4]	Everett Hylton	Settlement Agreement—civil penalty of \$99,000; export privileges denied for three years, all of which is suspended
09/27/04	In the Matter of Xinjian Yi and Yu Yi	Conspiracy to export thermal imaging cameras to the PRC without the required license; aided and abetted the unauthorized export of three thermal imaging cameras to the PRC without the required license; made a false statement to an OEE Special Agent in the course of an investigation	764.2(d) [2] 764.2(a) [1] 764.2(b) [1]	Xinjian Yi and Yu Yi	Final Decision (litigated case) Each respondent fined \$22,000 and export privileges denied for 10 years for each
09/90/04	In the Matter of Midway Arms, Inc.	Exported firearms sights, scopes, rings, bases, and mounts to Canada, Argentina, Barbados, Bolivia, Brazil, Finland, Mexico, Phillippines, South Africa, Sweden, Switzerland, and Uruguay without the required licenses	764.2(a) [368]	Midway Arms, Inc.	Settlement Agreement—civil penalty of \$222,000; \$88,800 suspended for one year

¹For administrative enforcement cases under Part 766 of th EAR, the number shown in brackets is the number of violations alleged.

Appendix D: Summaries of Closed Criminal and Administrative Export Enforcement Cases

Table 2
Summary of Cases Closed Fiscal Year 2004—Office of Antiboycott Compliance

Company Name & Location	Date Order Signed	Alleged Violations	Penalty Amount
Invitrogen Corporation Rockville, Maryland	April 13, 2004	1 violation of 760.2(d) [Furnished prohibited business information]	\$2,000
Input/Output Exploration Products, Inc Norwich, England	May 13, 2004	12 violations: 8-760.2(d)[Furnished prohibited business information]; 3-760.5[Failed to report in a timely manner]; 1-760.2(a)[Agreement to refuse to do business with blacklisted persons].	\$24,500
Arab Bank Plc New York, New York	September 29, 2004	2 violations: 1-760.2(d)[Furnished prohibited business information]; 1-760.5(b)(8) [Failure to maintain records].	\$9,000
St. Jude Medical Export GmbH Vienna, Austria	September 30, 2004	7 violations: 4-760.2(a)[Agreement to refuse to do business with blacklisted persons]; 3-760.5[Failure to report in a timely manner].	\$30,000

**Table 3
Criminal Penalties Imposed During Fiscal Year 2004**

Sentencing Date	Defendant(s)	Charge(s)	Sanction
06/09/2004	Berkeley Nucleonics	One count violating the International Emergency Economic Powers Act in violation of 50 USC § 1701-1705(b)	Berkeley Nucleonics was sentenced to five years probation and received a \$300,000 fine.
12/17/2003	Richard Hamilton	One count violating the International Emergency Economic Powers Act in violation of 50 USC § 1701-1705(b).	Richard Hamilton was sentenced to two years probation, 100 hours of community service, and he was barred from working in the export community and he received a \$1,000 fine.
12/17/2003	Vincent Delfino	One count making a false statement in violation of 18 USC § 1001	Vincent Delfino was sentenced to two years probation, 100 hours of community service, and he was barred from working in the export community and he received a \$1,000 fine.
04/28/2004	Yaudat Mustafa Talyi	Two counts violating the International Emergency Economic Powers Act in violation of 50 USC § 1701-1705(b)	Yaudat Mustafa Talyi was sentenced to five months in jail, five months home incarceration and a \$25,000 fine.
02/23/2004	Spencer Rogers	One count making a false statement in violation of 18 USC § 1001; One count conspiracy in violation of 18 U.S.C. 371	Spencer Rogers was sentenced to two years probation, received a \$5,000 fine and a \$200 special assessment.
05/03/2004	Jack Chen	One count of Aiding and Abetting in violation Title 18 U.S.C. § 371, 2 (a)	Jack Chen was sentenced to two years probation and received a \$5,000 fine.
04/28/2004	Walter Gogan	One count accessory after the fact in violation of 18 USC § 3	Walter Gogan was sentenced to two years probation and received a \$4,000 fine and a \$100 special assessment.
02/26/2004	Peggy Lancaster	One count aiding and abetting violations of the Virus-Serum-Toxic Act in violation of 18 USC § 2 and 21 USC § 151	Peggy Lancaster was sentenced to two years probation and received a \$500 fine and a \$25 special assessment.
01/08/2004	Metalor USA Refining	One Count Money laundering in violation of 18 USC § 1956	Metalor USA Refining was sentenced to 60 months probation and received a \$2,250,000 fine.
04/26/2004	Suntek Microwave	Three counts violating the International Emergency Economic Powers Act in violation of 50 USC § 1701-1705(b); One count conspiracy in violation of 18 U.S.C. 371	Suntek Microwave received a \$339,914 fine.

Appendix D: Summaries of Closed Criminal and Administrative Export Enforcement Cases

Table 3
Criminal Penalties Imposed During Fiscal Year 2004 (Continued)

Sentencing Date	Defendant(s)	Charge(s)	Sanction
03/10/2004	Thomas Butler	Eight counts theft, embezzlement, fraud, in violation of 18 USC§ 666 (a)(1) (A); thirteen counts mail fraud in violation of 18 USC § 1341; thirteen counts wire fraud in violation of 18 USC § 1343; one count false statements in violation of 18 USC § 1001; one count violating the International Emergency Economic Powers Act in violation of 50 USC § 1701-1705(b) and 15 CFR § 762.4(a) and 764.2(e); one count transportation of hazardous material in violation of 49 USC § 5124	Thomas Butler was sentenced to two years jail and \$38,675 in restitution, and received a \$15,000 fine and a \$4,700 special assessment.

**Table 4
Criminal Convictions Returned During Fiscal Year 2004 Awaiting Sentencing**

Conviction Date	Defendant(s)	Charge(s)
04/08/2004	Markus Chua	One count conspiracy in violation of 18 U.S.C. 371
04/08/2004	Ting-lh Hsu	One count making a false statement in violation of 18 USC § 1001
04/08/2004	Hai Lin Nee	One count making a false statement in violation of 18 USC § 1001
04/08/2004	Ebara International Corporation	Two counts conspiracy in violation of 18 USC § 371-2; three counts violating the International Emergency Economic Powers Act in violation of 50 USC § 1701-1705(b); two counts money laundering in violation of 18 USC § 1956
04/08/2004	Everett Hylton	One count conspiracy in violation of 18 USC § 371
04/08/2004	Infocom Corporation	Two counts false statements in violation of 18 USC § 1001; eight counts violating the International Emergency Economic Powers Act in violation of 50 USC § 1701-1705(b); one count conspiracy in violation of 18 USC § 371; one money laundering in violation of 18 USC § 1957
04/08/2004	Basman Elashi	Twelve counts false statements in violation of 18 USC § 1001; eight counts violating the International Emergency Economic Powers Act in violation of 50 USC § 1701-1705(b); two counts conspiracy in violation of 18 USC § 371; one money laundering in violation of 18 USC § 1957
04/08/2004	Bayan Elashi	Seven counts violating the International Emergency Economic Powers Act in violation of 50 USC § 1701-1705(b); two counts false statements in violation of 18 USC § 1001; two counts conspiracy in violation of 18 USC § 371; one count money laundering in violation of 18 USC § 1957
38174	Ghassan Elashi	Two counts false statements in violation of 18 USC § 1001; two counts conspiracy in violation of 18 USC § 371; one count violating the International Emergency Economic Powers Act in violation of 50 USC § 1701-1705(b); one count money laundering in violation of 18 USC § 1957
38174	Ihsan Elashi	Nine counts false statements in violation of 18 USC § 1001; four counts violating the International Emergency Economic Powers Act in violation of 50 USC § 1701-1705(b); two counts conspiracy in violation of 18 USC § 371
38174	Hazim Elashi	Four counts violating the International Emergency Economic Powers Act in violation of 50 USC § 1701-1705(b); two counts false statements in violation of 18 USC § 1001; two counts conspiracy in violation of 18 USC § 371; one count money laundering in violation of 18 USC § 1957
38077	Margie Evans	One count conspiracy in violation of 18 USC § 371; one count accessory after the fact in violation of 18 USC § 3; three counts mail fraud in violation of 18 USC § 1341; Two counts false statements in violation of 18 USC § 1001; one count of aiding and abetting violations of the Virus Serum Toxin Act in violation of 18 USC § 2 and 21 USC § 151

Appendix D: Summaries of Closed Criminal and Administrative Export Enforcement Cases

Table 4
Criminal Convictions Returned During Fiscal Year 2004 Awaiting Sentencing (*Continued*)

Conviction Date	Defendant(s)	Charge(s)
38077	Thomas Swieczkowski	One count conspiracy in violation of 18 USC § 371; one count accessory after the fact in violation of 18 USC § 3; three counts mail fraud in violation of 18 USC § 1341
38077	John Donohoe	One count conspiracy in violation of 18 USC § 371; one count accessory after the fact in violation of 18 USC § 3
38077	Dennis Guerrette	One count conspiracy in violation of 18 USC § 371; two counts mail fraud in violation of 18 USC § 1341
38077	John Rosenberger	One count aiding and abetting in violation of 18 USC § 2
38035	Stoelting Company	Two counts of violating the International Emergency Economic Powers Act in violation of 50 USC § 1701-1705(b)
38035	LaVern Miller	Two counts of violating the International Emergency Economic Powers Act in violation of 50 USC § 1701-1705(b)
38253	Stephen Midgely	One count false statements in violation of 18 USC § 1001

** Three additional convictions are under seal*



Appendix E: Tables of Antiboycott Settlements and Reporting Data

Table 1
Number of Individual Firms, Transactions, Requesting Documents,
and Restrictive Trade Practices by Firm Type
October 2002 through September 2003

ALL TRANSACTIONS
(Summary Totals)¹

(The column "Other" includes but is not limited to law firms, consulting firms, and general contractors)

Total	Item	Exporter	Bank	Forwarder	Carrier	Insurer	Other
Individual Firms Reporting	157	52	6	2	0	78	295
Transactions Reported	493	342	10	3	0	278	1,126
Requesting Documents Involved	493	342	10	3	0	278	1,126
Restrictive Trade Practices Requests ²	575	355	11	3	0	321	1,265

¹Totals, other than the number of firms reporting, are enhanced to the extent that an exporter and one or more other organizations report on the same transaction.

²Two or more types of restrictive trade practices are often reported in connection with one transaction.

Appendix E: Tables of Antiboycott Settlements and Reporting Data

Number of Individual Firms, Transactions, Requesting Documents, and Restrictive Trade Practices by Firm Type October 2003 through September 2004

Appendix E-1(a) All Transactions

Category	Take Action ³	Refuse ⁴	Undecided	Total ⁵
EXPORTER				
Number of Requests	145	348	0	493
Dollar Amount (\$000)	57,233	8,526,700	0	8,583,933
BANK				
Number of Requests	258	84	0	342
Dollar Amount (\$000)	35,114	10,593	0	45,707
FORWARDER				
Number of Requests	1	9	0	10
Dollar Amount (\$000)	73	2,639	0	2,712
CARRIER				
Number of Requests	2	1	0	3
Dollar Amount (\$000)	0	0	0	0
INSURER				
Number of Requests	0	0	0	0
Dollar Amount (\$000)	0	0	0	0
OTHER				
Number of Requests	95	183	0	278
Dollar Amount (\$000)	6,265,507	853,150	0	7,118,657
TOTAL				
Number of Requests	501	625	0	1,126
Dollar Amount (\$000)	6,357,927	9,393,082	0	15,751,009

³Transactions in this table are characterized as "take action" or "refuse" in terms of action taken on the original request, not on amended or deleted requests.

⁴"Refuse" does not necessarily mean that business was lost because a firm refused to comply with a prohibited boycott request. Rather, it indicates that firms refused to comply with the request in bidding on contracts totaling the dollar amounts indicated. Prohibited boycott language is often amended or deleted to permit U.S. firms to comply with U.S. law. Amendments and deletions are not reflected in these statistics.

⁵Dollar values may not add due to rounding.

**Number of Individual Firms, Transactions, Requesting Documents,
and Restrictive Trade Practices by Firm Type
October 2003 through September 2004**

Appendix E-1(b) Prohibited Transactions

Category	Take Action³	Refuse⁴	Undecided	Total⁵
EXPORTER				
Number of Requests	7	193	0	200
Dollar Amount (\$000)	520	7,384,656	0	7,385,176
BANK				
Number of Requests	2	9	0	11
Dollar Amount (\$000)	147	371	0	519
FORWARDER				
Number of Requests	0	1	0	1
Dollar Amount (\$000)	0	42	0	42
CARRIER				
Number of Requests	0	0	0	0
Dollar Amount (\$000)	0	0	0	0
INSURER				
Number of Requests	0	0	0	0
Dollar Amount (\$000)	0	0	0	0
OTHER				
Number of Requests	0	111	0	111
Dollar Amount (\$000)	0	433,044	0	433,044
TOTAL				
Number of Requests	9	314	0	323
Dollar Amount (\$000)	667	7,818,114	0	7,818,781

³Transactions in this table are characterized as "take action" or "refuse" in terms of action taken on the original request, not on amended or deleted requests.

⁴"Refuse" does not necessarily mean that business was lost because a firm refused to comply with a prohibited boycott request. Rather, it indicates that firms refused to comply with the request in bidding on contracts totaling the dollar amounts indicated. Prohibited boycott language is often amended or deleted to permit U.S. firms to comply with U.S. law. Amendments and deletions are not reflected in these statistics.

⁵Dollar values may not add due to rounding.

Appendix E: Tables of Antiboycott Settlements and Reporting Data

Number of Individual Firms, Transactions, Requesting Documents, and Restrictive Trade Practices by Firm Type October 2003 through September 2004

Appendix E-1(c) Prohibited as First Received, But Amended

Category	Take Action ³	Refuse ⁴	Undecided	Total ⁵
EXPORTER				
Number of Requests	1	30	0	31
Dollar Amount (\$000)	62	4,540	0	4,602
BANK				
Number of Requests	20	45	0	65
Dollar Amount (\$000)	3,067	7,930	0	10,998
FORWARDER				
Number of Requests	0	4	0	4
Dollar Amount (\$000)	0	1,513	0	1,513
CARRIER				
Number of Requests	0	0	0	0
Dollar Amount (\$000)	0	0	0	0
INSURER				
Number of Requests	0	0	0	0
Dollar Amount (\$000)	0	0	0	0
OTHER				
Number of Requests	0	9	0	9
Dollar Amount (\$000)	0	172,430	0	172,430
TOTAL				
Number of Requests	21	88	0	109
Dollar Amount (\$000)	3,129	186,414	0	189,543

³Transactions in this table are characterized as "take action" or "refuse" in terms of action taken on the original request, not on amended or deleted requests.

⁴"Refuse" does not necessarily mean that business was lost because a firm refused to comply with a prohibited boycott request. Rather, it indicates that firms refused to comply with the request in bidding on contracts totaling the dollar amounts indicated. Prohibited boycott language is often amended or deleted to permit U.S. firms to comply with U.S. law. Amendments and deletions are not reflected in these statistics.

⁵Dollar values may not add due to rounding.

**Number of Individual Firms, Transactions, Requesting Documents,
and Restrictive Trade Practices by Firm Type
October 2003 through September 2004**

Appendix E-1(d) Exceptions to Prohibited

Category	Take Action³	Refuse⁴	Undecided	Total⁵
EXPORTER				
Number of Requests	86	97	0	183
Dollar Amount (\$000)	43,985	327,483	0	371,469
BANK				
Number of Requests	21	3	0	24
Dollar Amount (\$000)	2,610	2	0	2,612
FORWARDER				
Number of Requests	0	0	0	0
Dollar Amount (\$000)	0	0	0	0
CARRIER				
Number of Requests	2	1	0	3
Dollar Amount (\$000)	0	0	0	0
INSURER				
Number of Requests	0	0	0	0
Dollar Amount (\$000)	0	0	0	0
OTHER				
Number of Requests	94	53	0	147
Dollar Amount (\$000)	6,258,707	238,796	0	6,497,502
TOTAL				
Number of Requests	203	154	0	357
Dollar Amount (\$000)	6,305,302	566,281	0	6,871,583

³Transactions in this table are characterized as "take action" or "refuse" in terms of action taken on the original request, not on amended or deleted requests.

⁴"Refuse" does not necessarily mean that business was lost because a firm refused to comply with a prohibited boycott request. Rather, it indicates that firms refused to comply with the request in bidding on contracts totaling the dollar amounts indicated. Prohibited boycott language is often amended or deleted to permit U.S. firms to comply with U.S. law. Amendments and deletions are not reflected in these statistics.

⁵Dollar values may not add due to rounding.

Appendix E: Tables of Antiboycott Settlements and Reporting Data

Number of Individual Firms, Transactions, Requesting Documents, and Restrictive Trade Practices by Firm Type October 2003 through September 2004

Appendix E-1(e) Not Prohibited

Category	Take Action ³	Refuse ⁴	Undecided	Total ⁵
EXPORTER				
Number of Requests	51	28	0	79
Dollar Amount (\$000)	12,667	810,020	0	822,686
BANK				
Number of Requests	215	27	0	242
Dollar Amount (\$000)	29,289	2,290	0	31,579
FORWARDER				
Number of Requests	1	4	0	5
Dollar Amount (\$000)	73	1,084	0	1,157
CARRIER				
Number of Requests	0	0	0	0
Dollar Amount (\$000)	0	0	0	0
INSURER				
Number of Requests	0	0	0	0
Dollar Amount (\$000)	0	0	0	0
OTHER				
Number of Requests	1	10	0	11
Dollar Amount (\$000)	6,800	8,880	0	15,680
TOTAL				
Number of Requests	268	69	0	337
Dollar Amount (\$000)	48,828	822,274	0	871,103

³Transactions in this table are characterized as "take action" or "refuse" in terms of action taken on the original request, not on amended or deleted requests.

⁴"Refuse" does not necessarily mean that business was lost because a firm refused to comply with a prohibited boycott request. Rather, it indicates that firms refused to comply with the request in bidding on contracts totaling the dollar amounts indicated. Prohibited boycott language is often amended or deleted to permit U.S. firms to comply with U.S. law. Amendments and deletions are not reflected in these statistics.

⁵Dollar values may not add due to rounding.

Appendix E-2

**Number of Restrictive Trade Practices by
Firm Type and Type of Restrictive Trade Practice
October 2003 through September 2004**

ALL TRANSACTIONS

Restrictive Trade Practice	Exporter	Bank	Forwarder	Carrier	Insurer	Other	Total
Carrier	108	287	7	0	0	20	422
Manufacturer/Vendor/Buyer	43	9	1	0	0	22	75
Insurance	0	0	0	0	0	0	0
Finance	4	2	2	0	0	0	8
Origin of Goods	227	49	1	0	0	108	385
Marked Goods/Packages	0	0	0	0	0	0	0
War Reparations	0	0	0	0	0	0	0
Observe Boycott Laws	130	2	0	0	0	40	172
Race/Religion/Sex/Origin	0	0	0	0	0	0	0
Relations with Boycotted Country	26	6	0	0	0	23	55
Risk of Loss	0	0	0	0	0	0	0
Destination of Goods	33	0	0	3	0	104	140
Other Restrictive Trade Practices	4	0	0	0	0	4	8
Totals	575	355	11	3	0	321	1,265

OTHER: Includes but are not limited to law firms, consulting firms, and general contractors.

TOTALS: Enhanced to the extent that an exporter and one or more other organizations report on the same transaction.

Appendix E: Tables of Antiboycott Settlements and Reporting Data

Appendix E-3

Number ¹ of Restrictive Trade Practices by Originating Country and Type of Practice October 2003 through September 2004

Country	Carrier	Manufacturer/ Vendor /Buyer	Insurance	Finance	Origin of Goods	Marked Goods/ Packaging	War Reparations	Observe Boycott Laws	Race/ Religion/ Sex/ Origin	Relations with Boycotted Country	Risk of Loss	Destination of Goods	Other Restrictive Practices	Total
Bahrain	16	3	0	0	3	0	0	5	0	1	0	2	0	30
Egypt	3	0	0	0	3	0	0	0	0	0	0	0	0	6
Iraq	0	1	0	0	0	0	0	2	0	1	0	0	1	5
Jordan	6	0	0	0	1	0	0	0	0	0	0	0	0	7
Kuwait	110	2	0	0	25	0	0	1	0	2	0	0	0	140
Lebanon	86	0	0	0	5	0	0	5	0	0	0	0	0	96
Libya	0	8	0	0	4	0	0	2	0	8	0	0	0	22
Qatar	15	0	0	0	6	0	0	28	0	0	0	13	3	65
Saudi Arabia	1	6	0	1	24	0	0	25	0	3	0	0	0	60
Syria	18	6	0	0	19	0	0	13	0	16	0	0	4	76
UAE	135	35	0	7	210	0	0	69	0	18	0	8	0	482
Other ²	33	14	0	0	85	0	0	22	0	6	0	117	0	277
Total	423	75	0	8	385	0	0	172	0	55	0	140	8	1,266
Percent ³	33	6	0	1	30	0	0	14	0	4	0	11	1	100

¹All figures are enhanced to the extent that an exporter and one or more other organizations reports on the same transaction.

²Includes Algeria, Iran, Malaysia, Nigeria, Oman, Pakistan, Tunisia, and Yemen.

³Percentages may not add due to rounding.

Appendix E-4

**Number¹ of Restrictive Trade Practices
by Originating Country and Type of Document
October 2003 through September 2004**

Country	Bid or Tender Proposal	Carrier Blacklist	Letter of Credit	Questionnaire	Requisition/ Purchase Order	Unwritten	Other Written	Total
Bahrain	7	0	16	0	3	0	0	26
Egypt	1	0	2	0	3	0	0	6
Iraq	2	0	0	1	0	0	1	4
Jordan	0	0	5	0	1	0	1	7
Kuwait	1	0	130	0	3	0	1	135
Lebanon	5	0	88	0	1	1	1	96
Libya	8	0	3	2	0	1	0	14
Qatar	33	0	14	0	16	0	1	64
Saudi Arabia	44	0	5	2	2	0	5	58
Syria	16	0	12	8	8	13	10	67
UAE ²	131	0	127	0	122	0	16	396
Other ³	87	0	57	0	96	1	13	254
Total	335	0	459	13	255	16	49	1,127
Percentage⁴	30	0	41	1	23	1	4	100

¹All figures are enhanced to the extent that an exporter and one or more other service organizations reports on the same transaction.

²Includes Abu Dhabi, Sharjah, Ajman, Umm Al-Qaiwan, RA's Al-Khaimah and Fujairah.

³Includes Algeria, India, Iran, Malaysia, Nigeria, Oman, Pakistan, Tunisia, and Yemen.

⁴Percentages may not add due to rounding.

Appendix E: Tables of Antiboycott Settlements and Reporting Data

Appendix E-5

Number and Value of Exporter Transactions by Originating Country and Decision on the Request October 2003 through September 2004

All Transactions¹

Country	Take Action ²	Refuse ³	Undecided	Total ⁴
BAHRAIN				
Number of Requests	1	8	0	9
Dollar Amount (\$000)	72	2,829	0	2,901
EGYPT				
Number of Requests	0	4	0	4
Dollar Amount (\$000)	0	1,012	0	1,012
IRAQ				
Number of Requests	0	2	0	2
Dollar Amount (\$000)	0	8,443	0	8,443
JORDAN				
Number of Requests	0	1	0	1
Dollar Amount (\$000)	0	0	0	0
KUWAIT				
Number of Requests	32	13	0	45
Dollar Amount (\$000)	1,675	18,210	0	19,884
LEBANON				
Number of Requests	2	9	0	11
Dollar Amount (\$000)	55	366	0	421
LIBYA				
Number of Requests	0	14	0	14
Dollar Amount (\$000)	0	284,121	0	284,121
QATAR				
Number of Requests	2	37	0	39
Dollar Amount (\$000)	30	2,820	0	2,851
SAUDI ARABIA				
Number of Requests	1	35	0	36
Dollar Amount (\$000)	115	100,523	0	100,638

Appendix E-5

**Number and Value of Exporter Transactions by Originating Country
and Decision on the Request
October 2003 through September 2004**

All Transactions¹ (Continued)

Country	Take Action²	Refuse³	Undecided	Total⁴
SYRIA				
Number of Requests	3	33	0	36
Dollar Amount (\$000)	9,031	62,395	0	71,426
UAE				
Number of Requests	66	120	0	186
Dollar Amount (\$000)	41,833	7,739,664	0	7,781,497
OTHER⁵				
Number of Requests	38	72	0	110
Dollar Amount (\$000)	4,421	306,317	0	310,739
TOTAL⁴				
Number of Requests	145	348	0	493
Dollar Amount (\$000)	57,233	8,526,700	0	8,583,933

¹Transactions figures and dollar values include bids, tenders and trade opportunities. Such figures may be duplicated and include dollar values for potential transactions that never resulted in a sale.

²Dollar values may not add due to rounding

³Includes Abu Dhabi, Sharjah, Ajman, Umm Al-Qaiwan, RA's Al-Khaimah and Fujairah.

⁴Includes Algeria, India, Iran, Malaysia, Nigeria, Oman, Pakistan, Tunisia, and Yemen.

⁵This figure does not represent business lost due to refusals with Boycott Requests. Instead it indicates that U.S. companies refused to comply with the boycott request in bidding on contracts totaling this amount. The boycott language is often revised or eliminated to allow U.S. companies to bid consistent with U.S. law. Such revisions are not reflected in these statistics.

⁷Transactions in this table are characterized as "take action" or "refuse" in terms of action taken on the original request, not on amended or deleted requests in bidding on contracts totaling the dollar amounts indicated. Prohibited boycott language is often amended or deleted to permit U.S. firms to comply with U.S. law.

Appendix E: Tables of Antiboycott Settlements and Reporting Data

Number and Value of Exporter Transactions by Originating Country and Decision on the Request October 2003 through September 2004

Appendix E-5(b) Prohibited Transactions

Country	Take Action ²	Refuse ³	Undecided	Total ⁴
BAHRAIN				
Number of Requests	0	4	0	4
Dollar Amount (\$000)	0	2,699	0	2,699
EGYPT				
Number of Requests	0	4	0	4
Dollar Amount (\$000)	0	1,012	0	1,012
IRAQ				
Number of Requests	0	1	0	1
Dollar Amount (\$000)	0	8,443	0	8,443
JORDAN				
Number of Requests	0	1	0	1
Dollar Amount (\$000)	0	0	0	0
KUWAIT				
Number of Requests	0	2	0	2
Dollar Amount (\$000)	0	63	0	63
LEBANON				
Number of Requests	0	6	0	6
Dollar Amount (\$000)	0	255	0	255
LIBYA				
Number of Requests	0	14	0	14
Dollar Amount (\$000)	0	284,121	0	284,121
QATAR				
Number of Requests	0	29	0	29
Dollar Amount (\$000)	0	1,533	0	1,533
SAUDI ARABIA				
Number of Requests	0	25	0	25
Dollar Amount (\$000)	0	98,433	0	98,433

**Number and Value of Exporter Transactions by Originating Country
and Decision on the Request
October 2003 through September 2004**

Appendix E-5(b) Prohibited Transactions (Continued)

Country	Take Action²	Refuse³	Undecided	Total⁴
SYRIA				
Number of Requests	0	26	0	26
Dollar Amount (\$000)	0	58,149	0	58,149
UAE				
Number of Requests	5	55	0	60
Dollar Amount (\$000)	494	6,928,102	0	6,928,596
OTHER⁵				
Number of Requests	2	26	0	28
Dollar Amount (\$000)	26	1,845	0	1,871
TOTAL⁴				
Number of Requests	7	193	0	200
Dollar Amount (\$000)	520	7,384,656	0	7,385,176

²Dollar values may not add due to rounding

³Includes Abu Dhabi, Sharjah, Ajman, Umm Al-Qaiwan, RA's Al-Khaimah and Fujairah.

⁴Includes Algeria, India, Iran, Malaysia, Nigeria, Oman, Pakistan, Tunisia, and Yemen.

⁵This figure does not represent business lost due to refusals with Boycott Requests. Instead it indicates that U.S. companies refused to comply with the boycott request in bidding on contracts totaling this amount. The boycott language is often revised or eliminated to allow U.S. companies to bid consistent with U.S. law. Such revisions are not reflected in these statistics.

Appendix E: Tables of Antiboycott Settlements and Reporting Data

Number and Value of Exporter Transactions by Originating Country and Decision on the Request October 2003 through September 2004

Appendix E-5(c) Prohibited as First Received, but Amended

Country	Take Action ²	Refuse ³	Undecided	Total ⁴
BAHRAIN				
Number of Requests	0	3	0	3
Dollar Amount (\$000)	0	29	0	29
EGYPT				
Number of Requests	0	0	0	0
Dollar Amount (\$000)	0	0	0	0
IRAQ				
Number of Requests	0	0	0	0
Dollar Amount (\$000)	0	0	0	0
JORDAN				
Number of Requests	0	0	0	0
Dollar Amount (\$000)	0	0	0	0
KUWAIT				
Number of Requests	0	2	0	2
Dollar Amount (\$000)	0	59	0	59
LEBANON				
Number of Requests	0	3	0	3
Dollar Amount (\$000)	0	111	0	111
LIBYA				
Number of Requests	0	0	0	0
Dollar Amount (\$000)	0	0	0	0
QATAR				
Number of Requests	0	0	0	0
Dollar Amount (\$000)	0	0	0	0
SAUDI ARABIA				
Number of Requests	0	0	0	0
Dollar Amount (\$000)	0	0	0	0

**Number and Value of Exporter Transactions by Originating Country
and Decision on the Request
October 2003 through September 2004**

Appendix E-5(c) Prohibited as First Received, but Amended (*Continued*)

Country	Take Action²	Refuse³	Undecided	Total⁴
SYRIA				
Number of Requests	2	4	0	4
Dollar Amount (\$000)	0	233	0	233
UAE				
Number of Requests	0	11	0	11
Dollar Amount (\$000)	0	3,829	0	3,829
OTHER⁵				
Number of Requests	1	7	0	8
Dollar Amount (\$000)	62	281	0	343
TOTAL⁴				
Number of Requests	1	30	0	31
Dollar Amount (\$000)	62	4,540	0	4,602

²Dollar values may not add due to rounding

³Includes Abu Dhabi, Sharjah, Ajman, Umm Al-Qaiwan, RA's Al-Khaimah and Fujairah.

⁴Includes Algeria, India, Iran, Malaysia, Nigeria, Oman, Pakistan, Tunisia, and Yemen.

⁵This figure does not represent business lost due to refusals with Boycott Requests. Instead it indicates that U.S. companies refused to comply with the boycott request in bidding on contracts totaling this amount. The boycott language is often revised or eliminated to allow U.S. companies to bid consistent with U.S. law. Such revisions are not reflected in these statistics.

Appendix E: Tables of Antiboycott Settlements and Reporting Data

Number and Value of Exporter Transactions by Originating Country and Decision on the Request October 2003 through September 2004

Appendix E-5(d) Exceptions to Prohibited Transactions

Country	Take Action ²	Refuse ³	Undecided	Total ⁴
BAHRAIN				
Number of Requests	0	0	0	0
Dollar Amount (\$000)	0	0	0	0
EGYPT				
Number of Requests	0	0	0	0
Dollar Amount (\$000)	0	0	0	0
IRAQ				
Number of Requests	0	0	0	0
Dollar Amount (\$000)	0	0	0	0
JORDAN				
Number of Requests	0	0	0	0
Dollar Amount (\$000)	0	0	0	0
KUWAIT				
Number of Requests	0	4	0	4
Dollar Amount (\$000)	0	15,558	0	15,558
LEBANON				
Number of Requests	0	0	0	0
Dollar Amount (\$000)	0	0	0	0
LIBYA				
Number of Requests	0	0	0	0
Dollar Amount (\$000)	0	0	0	0
QATAR				
Number of Requests	2	1	0	3
Dollar Amount (\$000)	30	14	0	44
SAUDI ARABIA				
Number of Requests	1	10	0	11
Dollar Amount (\$000)	115	2,090	0	2,205

**Number and Value of Exporter Transactions by Originating Country
and Decision on the Request
October 2003 through September 2004**

Appendix E-5(d) Exceptions to Prohibited Transactions (*Continued*)

Country	Take Action²	Refuse³	Undecided	Total⁴
SYRIA				
Number of Requests	0	0	0	0
Dollar Amount (\$000)	0	0	0	0
UAE				
Number of Requests	53	47	0	100
Dollar Amount (\$000)	40,597	6,475	0	47,072
OTHER⁵				
Number of Requests	30	35	0	65
Dollar Amount (\$000)	3,243	303,346	0	306,589
TOTAL⁴				
Number of Requests	86	97	0	183
Dollar Amount (\$000)	43,985	327,483	0	371,469

²Dollar values may not add due to rounding

³Includes Abu Dhabi, Sharjah, Ajman, Umm Al-Qaiwan, RA's Al-Khaimah and Fujairah.

⁴Includes Algeria, India, Iran, Malaysia, Nigeria, Oman, Pakistan, Tunisia, and Yemen.

⁵This figure does not represent business lost due to refusals with Boycott Requests. Instead it indicates that U.S. companies refused to comply with the boycott request in bidding on contracts totaling this amount. The boycott language is often revised or eliminated to allow U.S. companies to bid consistent with U.S. law. Such revisions are not reflected in these statistics.

Appendix E: Tables of Antiboycott Settlements and Reporting Data

Number and Value of Exporter Transactions by Originating Country and Decision on the Request October 2003 through September 2004

Appendix E-5(e) Prohibited as First Received, but Amended

Country	Take Action ²	Refuse ³	Undecided	Total ⁴
BAHRAIN				
Number of Requests	1	1	0	2
Dollar Amount (\$000)	72	101	0	173
EGYPT				
Number of Requests	0	0	0	0
Dollar Amount (\$000)	0	0	0	0
IRAQ				
Number of Requests	0	1	0	1
Dollar Amount (\$000)	0	0	0	0
JORDAN				
Number of Requests	0	0	0	0
Dollar Amount (\$000)	0	0	0	0
KUWAIT				
Number of Requests	32	5	0	37
Dollar Amount (\$000)	1,675	2,529	0	4,202
LEBANON				
Number of Requests	2	0	0	2
Dollar Amount (\$000)	55	0	0	55
LIBYA				
Number of Requests	0	0	0	0
Dollar Amount (\$000)	0	0	0	0
QATAR				
Number of Requests	0	7	0	7
Dollar Amount (\$000)	0	1,273	0	1,273
SAUDI ARABIA				
Number of Requests	0	0	0	0
Dollar Amount (\$000)	0	0	0	0

**Number and Value of Exporter Transactions by Originating Country
and Decision on the Request
October 2003 through September 2004**

Appendix E-5(e) Prohibited as First Received, but Amended (*Continued*)

Country	Take Action²	Refuse³	Undecided	Total⁴
SYRIA				
Number of Requests	3	3	0	6
Dollar Amount (\$000)	9,031	4,013	0	13,044
UAE				
Number of Requests	8	7	0	15
Dollar Amount (\$000)	743	801,259	0	802,002
OTHER⁵				
Number of Requests	5	4	0	9
Dollar Amount (\$000)	1,091	845	0	1,935
TOTAL⁴				
Number of Requests	51	28	0	79
Dollar Amount (\$000)	12,667	810,020	0	822,686

¹Transactions figures and dollar values include bids, tenders and trade opportunities. Such figures may be duplicated and include dollar values for potential transactions that never resulted in a sale.

²Dollar values may not add due to rounding

³Includes Abu Dhabi, Sharjah, Ajman, Umm Al-Qaiwan, RA's Al-Khaimah and Fujairah.

⁴Includes Algeria, India, Iran, Malaysia, Nigeria, Oman, Pakistan, Tunisia, and Yemen.

⁵This figure does not represent business lost due to refusals with Boycott Requests. Instead it indicates that U.S. companies refused to comply with the boycott request in bidding on contracts totaling this amount. The boycott language is often revised or eliminated to allow U.S. companies to bid consistent with U.S. law. Such revisions are not reflected in these statistics.

⁷Transactions in this table are characterized as "take action" or "refuse" in terms of action taken on the original request, not on amended or deleted requests in bidding on contracts totaling the dollar amounts indicated. Prohibited boycott language is often amended or deleted to permit U.S. firms to comply with U.S. law.

Appendix E: Tables of Antiboycott Settlements and Reporting Data

Number of Individual Firms, Transactions, Requesting Documents and Restrictive Trade Practices Received by ("Controlled-in-Fact") Foreign Subsidiaries October 2003 through September 2004

Appendix E-6 ALL TRANSACTIONS (Summary Totals)

Country	Individual Firms Reporting	Transactions Reported	Requesting Documents Involved	Restrictive Trade Practices Requests
United Kingdom	14	34	34	41
France	4	7	7	7
Germany	2	5	5	7
Netherlands	4	47	47	47
Belgium	4	14	14	32
Switzerland	3	3	3	4
Canada	3	6	6	6
Italy	5	13	13	23
Other (European Nations)	4	11	11	16
Other (Arab Nations) ¹	36	148	148	202
All Other Nations	13	31	31	31
Total	92	319	319	416

¹Includes Bahrain, Egypt, Iraq, Jordan, Kuwait, Lebanon, Libya, Oman, Saudia Arabia, UAE, Qatar, and Yemen.

**Number of Individual Firms, Transactions, Requesting Documents
and Restrictive Trade Practices Received by
("Controlled-in-Fact") Foreign Subsidiaries
October 2003 through September 2004**

**ALL TRANSACTIONS (Summary Totals)
Appendix E-6(a) All Transactions**

Country	Take Action	Refuse	Undecided	Total
UNITED KINGDOM				
Number of Requests	6	28	0	34
Dollar Amount (\$000)	4,708	11,446	0	16,154
FRANCE				
Number of Requests	0	7	0	7
Dollar Amount (\$000)	0	60,492	0	60,492
GERMANY				
Number of Requests	0	5	0	5
Dollar Amount (\$000)	0	0	0	0
NETHERLANDS				
Number of Requests	0	47	0	47
Dollar Amount (\$000)	0	1,736	0	1,736
BELGIUM				
Number of Requests	0	14	0	14
Dollar Amount (\$000)	0	4,357	0	4,357
SWITZERLAND				
Number of Requests	0	3	0	3
Dollar Amount (\$000)	0	21,204	0	21,204
CANADA				
Number of Requests	4	2	0	6
Dollar Amount (\$000)	172	59	0	231
ITALY				
Number of Requests	8	5	0	13
Dollar Amount (\$000)	494	206,201	0	206,695
OTHER EUROPEAN NATIONS				
Number of Requests	0	11	0	11
Dollar Amount (\$000)	0	1,492	0	1,492

Appendix E: Tables of Antiboycott Settlements and Reporting Data

**Number of Individual Firms, Transactions, Requesting Documents
and Restrictive Trade Practices Received by
("Controlled-in-Fact") Foreign Subsidiaries
October 2003 through September 2004
ALL TRANSACTIONS (Summary Totals)**

Appendix E-6(a) All Transactions (*Continued*)

Country	Take Action	Refuse	Undecided	Total
OTHER ARAB NATIONS ¹				
Number of Requests	3	145	0	148
Dollar Amount (\$000)	5,700,000	3,840,422	0	9,540,422
ALL OTHER NATIONS				
Number of Requests	24	7	0	31
Dollar Amount (\$000)	2,187	180,231	0	182,418
TOTAL				
Number of Requests	45	274	0	319
Dollar Amount (\$000)	5,707,561	4,327,640	0	10,035,201

¹Includes Bahrain, Egypt, Iraq, Jordan, Kuwait, Lebanon, Libya, Oman, Saudia Arabia, UAE, Qatar, and Yemen.

**Number of Requests of Individual Firms, Transactions, Requesting Documents
and Restrictive Trade Practices Received by
("Controlled-in-Fact") Foreign Subsidiaries
October 2003 through September 2004**

Appendix E-6(b) Prohibited Transactions

Country	Take Action	Refuse	Undecided	Total
UNITED KINGDOM				
Number of Requests	0	16	0	16
Dollar Amount (\$000)	0	2,625	0	2,625
FRANCE				
Number of Requests	0	4	0	4
Dollar Amount (\$000)	0	60,012	0	60,012
GERMANY				
Number of Requests	0	2	0	2
Dollar Amount (\$000)	0	0	0	0
NETHERLANDS				
Number of Requests	0	39	0	39
Dollar Amount (\$000)	0	1,606	0	1,606
BELGIUM				
Number of Requests	0	10	0	10
Dollar Amount (\$000)	0	4,119	0	4,119
SWITZERLAND				
Number of Requests	0	2	0	2
Dollar Amount (\$000)	0	8,443	0	8,443
CANADA				
Number of Requests	0	2	0	2
Dollar Amount (\$000)	0	59	0	59
ITALY				
Number of Requests	4	4	0	8
Dollar Amount (\$000)	494	204,201	0	204,695
OTHER EUROPEAN NATIONS				
Number of Requests	0	3	0	3
Dollar Amount (\$000)	0	267	0	267

Appendix E: Tables of Antiboycott Settlements and Reporting Data

Number of Requests of Individual Firms, Transactions, Requesting Documents and Restrictive Trade Practices Received by ("Controlled-in-Fact") Foreign Subsidiaries October 2003 through September 2004

Appendix E-6(b) Prohibited Transactions (*Continued*)

Country	Take Action	Refuse	Undecided	Total
OTHER ARAB NATIONS¹				
Number of Requests	0	85	0	85
Dollar Amount (\$000)	0	3,456,630	0	3,456,630
ALL OTHER NATIONS				
Number of Requests	1	1	0	2
Dollar Amount (\$000)	0	83	0	83
TOTAL				
Number of Requests	5	168	0	173
Dollar Amount (\$000)	494	3,738,045	0	3,738,539

¹Includes Bahrain, Egypt, Iraq, Jordan, Kuwait, Lebanon, Libya, Oman, Saudia Arabia, UAE, Qatar, and Yemen.

**Number of Requests of Individual Firms, Transactions, Requesting Documents
and Restrictive Trade Practices Received by
("Controlled-in-Fact") Foreign Subsidiaries
October 2003 through September 2004**

Appendix E-6(c) Prohibited as First Received, but Amended

Country	Take Action	Refuse	Undecided	Total
UNITED KINGDOM				
Number of Requests	2	5	0	7
Dollar Amount (\$000)	156	296	0	452
FRANCE				
Number of Requests	0	0	0	0
Dollar Amount (\$000)	0	0	0	0
GERMANY				
Number of Requests	0	0	0	0
Dollar Amount (\$000)	0	0	0	0
NETHERLANDS				
Number of Requests	0	0	0	0
Dollar Amount (\$000)	0	0	0	0
BELGIUM				
Number of Requests	0	0	0	0
Dollar Amount (\$000)	0	0	0	0
SWITZERLAND				
Number of Requests	0	0	0	0
Dollar Amount (\$000)	0	0	0	0
CANADA				
Number of Requests	0	0	0	0
Dollar Amount (\$000)	0	0	0	0
ITALY				
Number of Requests	0	0	0	0
Dollar Amount (\$000)	0	0	0	0
OTHER EUROPEAN NATIONS				
Number of Requests	0	8	0	8
Dollar Amount (\$000)	0	1,225	0	1,225

Appendix E: Tables of Antiboycott Settlements and Reporting Data

Number of Requests of Individual Firms, Transactions, Requesting Documents and Restrictive Trade Practices Received by ("Controlled-in-Fact") Foreign Subsidiaries October 2003 through September 2004

Appendix E-6(c) Prohibited as First Received, but Amended (*Continued*)

Country	Take Action	Refuse	Undecided	Total
OTHER ARAB NATIONS¹				
Number of Requests	0	7	0	7
Dollar Amount (\$000)	0	1,115	0	1,115
ALL OTHER NATIONS				
Number of Requests	0	2	0	2
Dollar Amount (\$000)	0	170,145	0	170,145
TOTAL				
Number of Requests	2	22	0	24
Dollar Amount (\$000)	156	172,781	0	172,937

¹Includes Bahrain, Egypt, Iraq, Jordan, Kuwait, Lebanon, Libya, Oman, Saudia Arabia, UAE, Qatar, and Yemen.

**Number of Requests of Individual Firms, Transactions, Requesting Documents
and Restrictive Trade Practices Received by
("Controlled-in-Fact") Foreign Subsidiaries
October 2003 through September 2004**

Appendix E-6(d) Exceptions to Prohibitions

Country	Take Action	Refuse	Undecided	Total
UNITED KINGDOM				
Number of Requests	1	5	0	6
Dollar Amount (\$000)	0	1,090	0	1,090
FRANCE				
Number of Requests	0	1	0	1
Dollar Amount (\$000)	0	91	0	91
GERMANY				
Number of Requests	0	0	0	0
Dollar Amount (\$000)	0	0	0	0
NETHERLANDS				
Number of Requests	0	6	0	6
Dollar Amount (\$000)	0	93	0	93
BELGIUM				
Number of Requests	0	3	0	3
Dollar Amount (\$000)	0	18	0	18
SWITZERLAND				
Number of Requests	0	1	0	1
Dollar Amount (\$000)	0	12,761	0	12,761
CANADA				
Number of Requests	0	0	0	0
Dollar Amount (\$000)	0	0	0	0
ITALY				
Number of Requests	4	1	0	5
Dollar Amount (\$000)	0	2,000	0	2,000
OTHER EUROPEAN NATIONS				
Number of Requests	0	0	0	0
Dollar Amount (\$000)	0	0	0	0

Appendix E: Tables of Antiboycott Settlements and Reporting Data

Number of Requests of Individual Firms, Transactions, Requesting Documents and Restrictive Trade Practices Received by ("Controlled-in-Fact") Foreign Subsidiaries October 2003 through September 2004

Appendix E-6(d) Exceptions to Prohibitions (*Continued*)

Country	Take Action	Refuse	Undecided	Total
OTHER ARAB NATIONS ¹				
Number of Requests	3	45	0	48
Dollar Amount (\$000)	5,700,000	381,465	0	6,081,465
ALL OTHER NATIONS				
Number of Requests	20	4	0	24
Dollar Amount (\$000)	1,993	10,004	0	11,997
TOTAL				
Number of Requests	28	66	0	94
Dollar Amount (\$000)	5,701,993	407,522	0	6,109,515

¹Includes Bahrain, Egypt, Iraq, Jordan, Kuwait, Lebanon, Libya, Oman, Saudia Arabia, UAE, Qatar, and Yemen.

**Number of Requests of Individual Firms, Transactions, Requesting Documents
and Restrictive Trade Practices Received by
("Controlled-in-Fact") Foreign Subsidiaries
October 2003 through September 2004**

Appendix E-6(e) Not Prohibited

Country	Take Action	Refuse	Undecided	Total
UNITED KINGDOM				
Number of Requests	3	2	0	5
Dollar Amount (\$000)	4,552	7,436	0	11,988
FRANCE				
Number of Requests	0	2	0	2
Dollar Amount (\$000)	0	389	0	389
GERMANY				
Number of Requests	0	3	0	3
Dollar Amount (\$000)	0	0	0	0
NETHERLANDS				
Number of Requests	0	2	0	2
Dollar Amount (\$000)	0	37	0	37
BELGIUM				
Number of Requests	0	1	0	1
Dollar Amount (\$000)	0	220	0	220
SWITZERLAND				
Number of Requests	0	0	0	0
Dollar Amount (\$000)	0	0	0	0
CANADA				
Number of Requests	4	0	0	4
Dollar Amount (\$000)	172	0	0	172
ITALY				
Number of Requests	0	0	0	0
Dollar Amount (\$000)	0	0	0	0
OTHER EUROPEAN NATIONS				
Number of Requests	0	0	0	0
Dollar Amount (\$000)	0	0	0	0

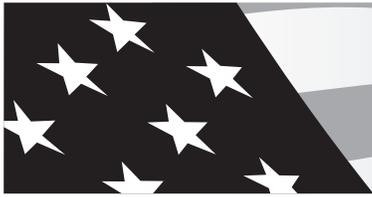
Appendix E: Tables of Antiboycott Settlements and Reporting Data

Number of Requests of Individual Firms, Transactions, Requesting Documents and Restrictive Trade Practices Received by ("Controlled-in-Fact") Foreign Subsidiaries October 2003 through September 2004

Appendix E-6(e) Not Prohibited (*Continued*)

Country	Take Action	Refuse	Undecided	Total
OTHER ARAB NATIONS¹				
Number of Requests	0	8	0	8
Dollar Amount (\$000)	0	1,212	0	1,212
ALL OTHER NATIONS				
Number of Requests	3	0	0	3
Dollar Amount (\$000)	194	0	0	194
TOTAL				
Number of Requests	10	18	0	28
Dollar Amount (\$000)	4,918	9,294	0	14,212

¹Includes Bahrain, Egypt, Iraq, Jordan, Kuwait, Lebanon, Libya, Oman, Saudia Arabia, UAE, Qatar, and Yemen.



Appendix F: Approved Applications For Country Group D:1 And Cuba

CCL	Description	Applications	Dollar Value
ALBANIA			
0A984	Shotguns, Buckshot, Shotgun Shells	1	\$3,486
3E001	Technology for Dev or Prod of Certain Items in 3a/	2	\$2
4E001	Technology for Dev/Prod/Use of Certain Equip/Softw	1	\$1
5E001	Technology for Dev/Prod/Use, Etc, ff Equip. in 5A0	2	\$2
Total Applications: 3			
Total Ccl's: 4			
Total Dollar Value: \$3,491			

CCL	Description	Applications	Dollar Value
ARMENIA			
3E001	Technology for Dev or Prod of Certain Items in 3A/	3	\$3
Total Applications: 3			
Total Ccl's: 1			
Total Dollar Value: \$3			

CCL	Description	Applications	Dollar Value
AZERBAIJAN			
3A229	Firing Sets and High Current Pulse Generators	2	\$1,860,000
3A232	Detonators/Multipoint Initiation Systems	2	\$756,000
6A001	Acoustics	1	\$354
9A018	Commodities on the International Munitions List	1	\$175,000
Total Applications: 4			
Total Ccl's: 4			
Total Dollar Value: \$2,791,354			

Appendix F: Approved Applications for Country Group D:1 and Cuba

CCL	Description	Applications	Dollar Value
BELARUS			
2B350	Chemical Manufacturing Facilities and Equipment	2	\$707,302
2E301	Technology for Use of Commodities Controlled by 2B	1	\$2,894
3A001	Electronic Devices/Components	1	\$2,322
3D003	Cad Software for Semiconductor Devices/Integrated	1	\$1
3E001	Technology for Dev or Prod of Certain Items in 3A/	1	\$1
3E002	Other Technology for Items in Category 3	1	\$1
4D003	Specific Software, as Described in this Entry	1	\$1
4E001	Technology for Dev/Prod/Use of Certain Equip/SoftW	2	\$2
Total Applications: 8			
Total Ccl's: 8			
Total Dollar Value: \$712,524			

CCL	Description	Applications	Dollar Value
BULGARIA			
0A982	Thumbcuffs, Leg Irons and Shackles	2	\$3,858
0A984	Shotguns, Buckshot, Shotgun Shells	8	\$199,475
0A985	Discharge Type Arms	3	\$118,200
0A986	Shotgun Shells (Except Buckshot Shells) and Parts	3	\$14,034
1A984	Chemical Agents, Including Tear Gas	1	\$230,000
1A985	Fingerprinting Powders, Dyes, and Inks	1	\$45,000
2A983	Explosives or Detonator Detection Equipment	1	\$76,195
3A002	General Purpose Electronic Equipment	2	\$104,631
3E980	Technology for Items Controlled by 3A980 and 3A981	1	\$100
5A002	Systems/Equipment/Integrated Circuits for Info Sec	4	\$48,583
5D002	Software for Information Security	6	\$24,088
5E001	Technology for Dev/Prod/Use, Etc, of Equip. in 5A0	4	\$6
6A003	Cameras	4	\$195,000
9A018	Commodities on the International Munitions List	1	\$56,546
Total Applications: 35			
Total Ccl's: 14			
Total Dollar Value: \$1,115,716			

Appendix F: Approved Applications for Country Group D:1 and Cuba

CCL	Description	Applications	Dollar Value
CAMBODIA			
1A985	Fingerprinting Powders, Dyes, and Inks	1	\$10,700
3A002	General Purpose Electronic Equipment	1	\$47,265
	Total Applications: 2		
	Total Ccl's: 2		
	Total Dollar Value: \$57,965		

CCL	Description	Applications	Dollar Value
CHINA (PRC)			
EAR99	Items Subject to the EAR N.E.S.	22	\$53,424,646
0A987	Optical Sighting Devices for Firearms	2	\$388,591
1A001	Components Made from Fluorinated Compounds	5	\$179,466
1A004	Protective and Detection Equipment	1	\$16,713
1A227	High Density Radiation Sheilding Windows	1	\$1,700,000
1A999	Specific Processing Equipment, N.E.S	4	\$112,279
1B201	Filament Winding Machines	5	\$506,000
1B999	Specific Processing Equipment, N.E.S.	1	\$88,000
1C006	Fluids and Lubricating Materials	2	\$16,958
1C008	Non-fluorinated Polymeric Substances	5	\$259,386
1C010	Fibrous/Filamentary Materials Used in Matrix Struc	11	\$22,275,685
1C107	Graphite and Ceramic Materials	1	\$250,000
1C111	Propellants and Constituent Chemicals	1	\$657,000
1C202	Aluminum and Titanium Alloys in the Form of Tubes/	6	\$4,737,320
1C210	Fibrous/Filamentary Materials Not Controlled by 1C	12	\$6,705,100
1C216	Maraging Steel Not Controlled by 1C116	1	\$113
1C231	HAFNIUM	4	\$1,248,352
1C232	Helium-3 or Helium Isotopically Enriched in the HE	3	\$50,126
1C234	Zirconium, with a Hafnium Content	4	\$1,504,961
1C240	Nickel Powder or Porous Nickel Metal	3	\$4,610,431
1C350	Chemicals, Precursors for Toxic Chemical Agents	24	\$21,282,706
1C351	Human Pathogens, Zoonoses, and Toxins	10	\$16,640
1C990	Fibrous and Filamentary Materials	1	\$1,708,930
1C991	Vaccines, Immunotoxins and Medical Products	1	\$740
1E001	Technology for Development of Equipment Under 1A00	11	\$5,001,006
1E002	Other Technology	1	\$1

Appendix F: Approved Applications for Country Group D:1 and Cuba

CCL	Description	Applications	Dollar Value
CHINA (PRC) (Continued)			
1E103	Technology to Regulate Temperature of Composites	1	\$0
1E201	Technology for Use of 1A002,1A202,1A225 to 1B225	4	\$50,002
2A226	Valves Not Controlled by 0B001	1	\$23,875
2A983	Explosives or Detonator Detection Equipment	17	\$4,388,993
2B001	Numerical Control Units/Motion Control Boards	11	\$16,092,789
2B005	Processing Equipment of Inorganic Overlays/Coatings	1	\$700,000
2B006	Dimensional Inspection/Measuring Systems or Equipm	10	\$296,754
2B104	Equipment for Making Structural Composite Rocket N	1	\$4,200,000
2B201	Machine Tools for Removing or Cutting Metals	2	\$432,325
2B204	Isostatic Presses Not Controlled by 2B004 or 2B104	2	\$1,288,000
2B225	Remote Manipulators	1	\$5,070,000
2B227	Vacuum and Controlled Atmosphere Melting/Casting F	1	\$250,000
2B229	Centrifugal Balancing Machines	2	\$257,672
2B230	Pressure Transducers	47	\$1,968,544
2B231	Vacuum Pumps	8	\$1,320,170
2B350	Chemical Manufacturing Facilities and Equipment	182	\$23,960,289
2B351	Toxic Gas Monitoring Systems & Dedicated Detectors	76	\$1,883,828
2B352	Equipment for Handling Biological Materials	34	\$4,085,331
2D001	Software for Equipment in Category 2A/2B	1	\$0
2D002	Adaptive Control/Electronic Device Software	2	\$70,000
2E001	Technology Supporting Equipment/Software in 2A/2B/	2	\$3,000,001
2E002	Technology Supporting Equipment/Production in 2A/2	5	\$3,000,002
2E003	Other Technology	1	\$4
2E101	Technology for Use of Equipment Controlled by 2B00	1	\$0
2E201	Technology for Use of Commodities Controlled by 2A	4	\$1
2E301	Technology for Use of Commodities Controlled by 2b	9	\$3,000,008
3A001	Electronic Devices/Components	24	\$12,300,503
3A002	General Purpose Electronic Equipment	11	\$1,769,616
3A101	Electronic Equipment/Devices Not Controlled by 3A0	2	\$218,202
3A230	High Speed Pulse Generators	2	\$43,055
3A231	Neutron Generator Systems Including Tubes	6	\$2,283,120
3A233	Mass Spectrometers	15	\$1,794,420
3A992	General Purpose Electronic Equipment	5	\$18,425
3A999	Specific Processing Equipment, N.E.S.	1	\$51,494
3B001	Epitaxial Equipment for Semiconductors	90	\$221,145,306

Appendix F: Approved Applications for Country Group D:1 and Cuba

CCL	Description	Applications	Dollar Value
CHINA (PRC) (Continued)			
3B002	Ion Implantation Equipment for Semiconductors	1	\$469,410
3C002	Resist Materials	31	\$9,338,210
3C003	Organo-inorganic Compounds Described in this Entry	7	\$3,471,725
3C004	Hydrides of Phosphorus, Arsenic, or Antimony	26	\$15,546,385
3D002	Software for Use of Certain Equipment Controlled B	5	\$3,011,623
3D003	CAD Software for Semiconductor Devices/Integrated	10	\$10
3E001	Technology for Dev or Prod of Certain Items in 3A/	109	\$94
3E002	Other Technology for Items in Category 3	80	\$400,079
3E003	Other "Technology"	3	\$2
3E201	Technology for the Use of Certain Items in 3A	4	\$1,002
4A003	Digital Computers/Assemblies and Related Equipment	2	\$35,000,000
4A994	Items Not Controlled by 4A001/4A002/4A003	2	\$8,780
4D001	Software for Certain Equipment/Software in 4A-4D	7	\$7
4D002	Software to Support Technology Controlled by 4E	5	\$5
4D003	Specific Software, as Described in this Entry	41	\$41
4D994	Software for Dev/Prod/Use of Items in 4A994/4B994/	4	\$31,716
4E001	Technology for Dev/Prod/Use of Certain Equip/SoftW	83	\$83
4E980	Technology for Dev/Prod/Use of Items in 4A980	1	\$1
5A002	Systems/Equipment/Integrated Circuits for Info Sec	20	\$3,447,260
5D001	Software for Dev/Prod/Use of Items in 5A001/5B001/	2	\$250,001
5D002	Software for Information Security	21	\$1,160,960
5E001	Technology for Dev/Prod/Use, Etc, of Equip. in 5A0	262	\$5,252,961
5E002	Technology for Dev/Prod/Use of Information Securit	14	\$12
6A001	Acoustics	2	\$1,712,035
6A002	Optical Sensors	1	\$10,000
6A003	Cameras	45	\$2,025,760
6A005	Optical Equipment (Lasers)	2	\$71,100
6A006	Magnetometers/Magnetic Gradiometers/Compensation S	2	\$105,300
6A203	Cameras/Components Not Controlled by ECCN 6A003	3	\$148,050
6E001	Technology for Development of Equipment/Materials/	3	\$3
6E002	Technology for Production of Equipment/Materials I	3	\$202
7A103	Instrumentation, Navigation Equipment/Systems Not	7	\$2,465,933
7D003	Other Software	2	\$2
7E004	Other Technology	3	\$1
7E101	Technology for Equipment/Software Controlled by 7A	1	\$1,000

Appendix F: Approved Applications for Country Group D:1 and Cuba

CCL	Description	Applications	Dollar Value
CHINA (PRC) (Continued)			
8A002	Systems or Equipment for Submersible Vehicles	2	\$81,700
8A992	Underwater Systems or Equipment	1	\$46,700
8C001	Syntactic Foam for Underwater Use	1	\$1,850,080
9B106	Environmental Chambers and Anechoic Chambers	2	\$309,516
9D001	Software for Dev of Certain Equip/Technology in 9A	1	\$1
9D003	Software for Use of Fadec for Certain Propulsion S	1	\$1
9E003	Other Technology	2	\$7
9E018	Technology for Dev/Prod/Use of Items in 9A018	1	\$0
Total Applications: 1336			
Total Ccl's: 104			
Total Dollar Value: \$527,921,637			

CCL	Description	Applications	Dollar Value
CUBA			
EAR99	Items Subject to the EAR N.E.S.	470	\$2,431,111,713
2A994	Portable Electric Generators and Specially DesignE	1	\$112,000
3A002	General Purpose Electronic Equipment	1	\$17,000
3A992	General Purpose Electronic Equipment	1	\$250
4A994	Items Not Controlled by 4A001/4A002/4A003	5	\$97,270
4D994	Software for Dev/Prod/Use of Items in 4A994/4B994/	1	\$776
5A991	Transmission Items Not W/I Parameters in 5A001	3	\$3,344
5A992	Information Security Equipment	1	\$700
5D992	Software Not Controlled by 5D002	4	\$111,975
5E992	Technology for Information Security/Cryptology	1	\$0
8A992	Underwater Systems or Equipment	32	\$543,096,000
9A991	Aircraft and Certain Gas Turbine Engines N.E.S.	33	\$391,246,921
Total Applications: 539			
Total Ccl's: 12			
Total Dollar Value: \$3,365,797,949			

Appendix F: Approved Applications for Country Group D:1 and Cuba

CCL	Description	Applications	Dollar Value
ESTONIA			
0A979	Police Helmets, Shields and Parts	1	\$2,000
0A982	Thumbcuffs, Leg Irons and Shackles	2	\$5,598
0A987	Optical Sighting Devices for Firearms	2	\$125,000
1A985	Fingerprinting Powders, Dyes, and Inks	1	\$110
1C351	Human Pathogens, Zoonoses, and Toxins	1	\$170
1E001	Technology for Development of Equipment Under 1A00	1	\$2,400
3A001	Electronic Devices/Components	3	\$203,985
5D002	Software for Information Security	4	\$477,500
6A003	Cameras	7	\$259,000
Total Applications: 22			
Total Ccl's: 9			
Total Dollar Value: \$1,075,763			

CCL	Description	Applications	Dollar Value
GEORGIA			
0A984	Shotguns, Buckshot, Shotgun Shells	1	\$10,000
1A005	Body Armor	1	\$10,886
5E002	Technology for Dev/Prod/Use of Information Securit	1	\$100
6A001	Acoustics	1	\$26,615,500
Total Applications: 4			
Total Ccl's: 4			
Total Dollar Value: \$26,636,486			

CCL	Description	Applications	Dollar Value
KAZAKHSTAN			
EAR99	Items Subject to the EAR N.E.S.	1	\$28,787
0A987	Optical Sighting Devices for Firearms	5	\$327,998
1A004	Protective and Detection Equipment	1	\$10,000
1A985	Fingerprinting Powders, Dyes, and Inks	1	\$100,000
1C230	Beryllium	1	\$100
2B350	Chemical Manufacturing Facilities and Equipment	1	\$29,823
2B351	Toxic Gas Monitoring Systems & Dedicated Detectors	2	\$318,680
3A002	General Purpose Electronic Equipment	1	\$65,000

Appendix F: Approved Applications for Country Group D:1 and Cuba

CCL	Description	Applications	Dollar Value
KAZAKHSTAN (Continued)			
3A229	Firing Sets and High Current Pulse Generators	1	\$1,290,000
3A232	Detonators/Multipoint Initiation Systems	1	\$410,000
3A981	Polygraphs/Fingerprint Analyzers/Cameras/Equipment	1	\$100,000
3E001	Technology for Dev or Prod of Certain Items in 3A/	1	\$1
3E002	Other Technology for Items in Category 3	1	\$1
4D003	Specific Software, as Described in this Entry	2	\$2
4E001	Technology for Dev/Prod/Use of Certain Equip/SoftW	2	\$2
5D002	Software for Information Security	3	\$61,568
5D992	Software Not Controlled by 5D002	1	\$5,829
5E002	Technology for Dev/Prod/Use of Information Securit	2	\$1,001
6D003	Other Software	1	\$6,050,000
9A004	Spacecraft	2	\$191,850
Total Applications: 23			
Total Ccl's: 20			
Total Dollar Value: \$8,990,642			

CCL	Description	Applications	Dollar Value
KOREA, NORTH			
5A992	Information Security Equipment	1	\$700
5D992	Software Not Controlled by 5D002	1	\$111,375
5E992	Technology for Information Security/Cryptology	1	\$0
7A994	Other Navigation/Airborne Communication Equipment	1	\$28,550
8A992	Underwater Systems or Equipment	1	\$0
Total Applications: 3			
Total Ccl's: 5			
Total Dollar Value: \$140,625			

Appendix F: Approved Applications for Country Group D:1 and Cuba

CCL	Description	Applications	Dollar Value
KYRGYZSTAN			
1A985	Fingerprinting Powders, Dyes, and Inks	1	\$92,700
3A002	General Purpose Electronic Equipment	1	\$26,600
3D003	Cad Software for Semiconductor Devices/Integrated	1	\$1
3E002	Other Technology for Items in Category 3	1	\$1
4D003	Specific Software, as Described in this Entry	1	\$1
4E001	Technology for Dev/Prod/Use of Certain Equip/SoftW	1	\$1
Total Applications: 4			
Total Ccl's: 6			
Total Dollar Value: \$119,304			

CCL	Description	Applications	Dollar Value
LAOS			
Total Applications: 0			
Total Ccl's: 0			
Total Dollar Value: \$0			

CCL	Description	Applications	Dollar Value
LATVIA			
0A979	Police Helmets, Shields and Parts	1	\$4,593
0A984	Shotguns, Buckshot, Shotgun Shells	1	\$10,500
0A985	Discharge Type Arms	1	\$13,000
0A986	Shotgun Shells (Except Buckshot Shells) and Parts	1	\$6,500
0A987	Optical Sighting Devices for Firearms	2	\$13,500
1E001	Technology for Development of Equipment Under 1A00	1	\$2,400
2A983	Explosives or Detonator Detection Equipment	2	\$259,997
3A001	Electronic Devices/Components	3	\$501,480
3A002	General Purpose Electronic Equipment	1	\$24,736
5D002	Software for Information Security	3	\$17,561
5E002	Technology for Dev/Prod/Use of Information Securit	1	\$1
6A003	Cameras	2	\$22,000
Total Applications: 17			
Total Ccl's: 12			
Total Dollar Value: \$876,268			

Appendix F: Approved Applications for Country Group D:1 and Cuba

CCL	Description	Applications	Dollar Value
LITHUANIA			
EAR99	Items Subject to the EAR N.E.S.	2	\$18,420
0A979	Police Helmets, Shields and Parts	3	\$127,486
0A987	Optical Sighting Devices for Firearms	9	\$1,899,815
1C210	Fibrous/Filamentary Materials Not Controlled by 1C	1	\$844,250
1E001	Technology for Development of Equipment Under 1A00	1	\$2,400
2A983	Explosives or Detonator Detection Equipment	1	\$910,000
2D983	Equipment Controlled by 2A983	1	\$1
2E983	Software Controlled by 2D983	1	\$1
3A001	Electronic Devices/Components	1	\$1,950
3A981	Polygraphs/Fingerprint Analyzers/Cameras/Equipment	1	\$17,850
3E002	Other Technology for Items in Category 3	1	\$1
3E003	Other "Technology"	1	\$1
5A002	Systems/Equipment/Integrated Circuits for Info Sec	1	\$1,299
5D002	Software for Information Security	5	\$202,127
6A003	Cameras	5	\$175,000
6A006	Magnetometers/Magnetic Gradiometers/Compensation S	1	\$22,400
9A018	Commodities on the International Munitions List	1	\$2,372,221
Total Applications: 31			
Total Ccl's: 17			
Total Dollar Value: \$6,595,222			

CCL	Description	Applications	Dollar Value
MOLDOVA			
0A982	Thumbcuffs, Leg Irons and Shackles	2	\$2,749
0A984	Shotguns, Buckshot, Shotgun Shells	1	\$4,635
0A987	Optical Sighting Devices for Firearms	1	\$104,000
3A002	General Purpose Electronic Equipment	1	\$57,000
5A002	Systems/Equipment/Integrated Circuits for Info Sec	1	\$32,495
5D002	Software for Information Security	1	\$1
Total Applications: 6			
Total Ccl's: 6			
Total Dollar Value: \$200,880			

Appendix F: Approved Applications for Country Group D:1 and Cuba

CCL	Description	Applications	Dollar Value
MONGOLIA			
9E001	Technology for Dev of Equipment or Software in 9A/	1	\$0
	Total Applications: 1		
	Total Ccl's: 1		
	Total Dollar Value: \$0		

CCL	Description	Applications	Dollar Value
ROMANIA			
0A982	Thumbcuffs, Leg Irons and Shackles	3	\$38,078
0A987	Optical Sighting Devices for Firearms	6	\$174,750
2A983	Explosives or Detonator Detection Equipment	2	\$366,695
2B001	Numerical Control Units/Motion Control Boards	1	\$132,948
2B008	Assemblies/Units/Inserts for Machine Tools in 2B00	1	\$90,000
3A001	Electronic Devices/Components	1	\$6,075
3A002	General Purpose Electronic Equipment	1	\$41,094
3A981	Polygraphs/Fingerprint Analyzers/Cameras/Equipment	4	\$323,520
3D003	Cad Software for Semiconductor Devices/Integrated	2	\$2
3E001	Technology for Dev or Prod of Certain Items in 3A/	10	\$9
3E002	Other Technology for Items in Category 3	3	\$3
3E003	Other "Technology"	1	\$1
4D003	Specific Software, as Described in this Entry	5	\$5
4E001	Technology for Dev/Prod/Use of Certain Equip/SoftW	5	\$5
5A002	Systems/Equipment/Integrated Circuits for Info Sec	1	\$44,000
5D002	Software for Information Security	4	\$624,244
5E001	Technology for Dev/Prod/Use, Etc, of Equip. in 5A0	8	\$102,008
5E002	Technology for Dev/Prod/Use of Information Securit	1	\$1
6A003	Cameras	2	\$65,000
	Total Applications: 49		
	Total Ccl's: 19		
	Total Dollar Value: \$2,008,438		

Appendix F: Approved Applications for Country Group D:1 and Cuba

CCL	Description	Applications	Dollar Value
RUSSIA FEDERATION			
EAR99	Items Subject to the EAR N.E.S.	43	\$9,969,322
0A985	Discharge Type Arms	1	\$13,000
0A987	Optical Sighting Devices for Firearms	12	\$1,065,533
0D999	Specific Software	1	\$750
1A001	Components Made from Fluorinated Compounds	1	\$16,000
1A985	Fingerprinting Powders, Dyes, and Inks	2	\$292,700
1A999	Specific Processing Equipment, N.E.S	7	\$287,137
1C117	Tungsten/Molybdenum/Alloys of these Metals in Sphe	1	\$15,000
1C350	Chemicals, Precursors for Toxic Chemical Agents	2	\$99,740
1C351	Human Pathogens, Zoonoses, and Toxins	1	\$0
1E001	Technology for Development of Equipment Under 1A00	4	\$1
1E101	Technology for Development of Equipment Under 1A10	3	\$15,001
2A983	Explosives or Detonator Detection Equipment	1	\$45,000
2B001	Numerical Control Units/Motion Control Boards	1	\$200,000
2B006	Dimensional Inspection/Measuring Systems or Equipm	1	\$16,028
2B350	Chemical Manufacturing Facilities and Equipment	5	\$238,851
2B352	Equipment for Handling Biological Materials	1	\$26,358
2B991	Numerical Control Units for Machine Tools	1	\$316,000
2E003	Other Technology	1	\$1
3A001	Electronic Devices/Components	40	\$3,012,416
3A002	General Purpose Electronic Equipment	3	\$217,363
3A101	Electronic Equipment/Devices Not Controlled by 3A0	2	\$619,716
3A981	Polygraphs/Fingerprint Analyzers/Cameras/Equipment	7	\$311,040
3A991	Electronic Devices and Components	1	\$200
3A992	General Purpose Electronic Equipment	5	\$142,045
3A999	Specific Processing Equipment, N.E.S.	3	\$41,236
3B001	Epitaxial Equipment for Semiconductors	2	\$1,936,000
3D001	Software for Dev or Prod of Equip Certain Items in	1	\$25
3D002	Software for Use of Certain Equipment Controlled B	2	\$2
3D003	Cad Software for Semiconductor Devices/Integrated	9	\$9
3E001	Technology for Dev or Prod of Certain Items in 3A/	12	\$12
3E002	Other Technology for Items in Category 3	16	\$18
3E003	Other "Technology"	1	\$1
4a994	Items Not Controlled by 4A001/4A002/4A003	8	\$161,330
4D001	Software for Certain Equipment/Software in 4A-4D	6	\$45,005

Appendix F: Approved Applications for Country Group D:1 and Cuba

CCL	Description	Applications	Dollar Value
RUSSIA FEDERATION (Continued)			
4D002	Software to Support Technology Controlled by 4E	4	\$4
4D003	Specific Software, As Described in this Entry	110	\$110
4D980	Software for Dev/Prod/Use With 4A980 Items	1	\$70,000
4D994	Software for Dev/Prod/Use of Items in 4A994/4B994/	2	\$1,400
4E001	Technology for Dev/Prod/Use of Certain Equip/SoftW	115	\$115
4E992	Technology for Dev/Prod/Use of 4A994/4B994/4C994	2	\$21
5A002	Systems/Equipment/Integrated Circuits for Info Sec	8	\$2,494,812
5A991	Transmission Items Not W/I Parameters in 5A001	2	\$14,890
5A992	Information Security Equipment	2	\$20,500
5D001	Software for Dev/Prod/Use of Items in 5A001/5B001/	1	\$1
5D002	Software for Information Security	8	\$324,856
5D992	Software Not Controlled by 5D002	4	\$6,132
5E001	Technology for Dev/Prod/Use, Etc, of Equip. in 5A0	19	\$19
5E002	Technology for Dev/Prod/Use of Information Securit	72	\$72
5E992	Technology for Information Security/Cryptology	1	\$150
6A001	Acoustics	2	\$1,510,500
6A002	Optical Sensors	1	\$11,400
6A003	Cameras	64	\$3,031,401
6A004	Optics (Mirrors)	1	\$314,500
6A006	Magnetometers/Magnetic Gradiometers/Compensation S	3	\$73,460
6A007	Gravity Meters (Gravimeters)/Gravity Gradiometers	2	\$600,000
6E001	Technology for Development of Equipment/Materials/	1	\$1
7A103	Instrumentation, Navigation Equipment/Systems Not	7	\$4,691,868
7D003	Other Software	1	\$0
7E001	Technology for Development of Eq. Controlled by 7A	2	\$2
7E004	Other Technology	1	\$0
7E101	Technology for Equipment/Software Controlled by 7A	3	\$601
9A003	Gas Turbine Engine Propulsion Systems	1	\$250,000
9A004	Spacecraft	6	\$2,530,276
9A018	Commodities On the International Munitions List	1	\$96,000
9E001	Technology for Dev of Equipment or Software in 9A/	4	\$4
9E002	Technology for Prod of Equipment in 9A001.C OR 9B	6	\$6
9E003	Other Technology	2	\$1
Total Applications: 391			
Total Ccl's: 68			
Total Dollar Value: \$35,145,942			

Appendix F: Approved Applications for Country Group D:1 and Cuba

CCL	Description	Applications	Dollar Value
TAJIKISTAN			
	Total Applications: 0		
	Total Ccl's: 0		
	Total Dollar Value: \$0		

CCL	Description	Applications	Dollar Value
TURKMENISTAN			
1A001	Components Made From Fluorinated Compounds	1	\$12,000
5A002	Systems/Equipment/Integrated Circuits for Info Sec	2	\$257,202
5D002	Software for Information Security	1	\$55,985
	Total Applications: 3		
	Total Ccl's: 3		
	Total Dollar Value: \$325,187		

CCL	Description	Applications	Dollar Value
UKRAINE			
EAR99	Items Subject to the EAR N.E.S.	1	\$1,894
0A984	Shotguns, Buckshot, Shotgun Shells	4	\$64,895
0A986	Shotgun Shells (Except Buckshot Shells) and Parts	2	\$48,837
0A987	Optical Sighting Devices for Firearms	7	\$354,860
2A983	Explosives or Detonator Detection Equipment	2	\$260,535
2B001	Numerical Control Units/Motion Control Boards	1	\$73,000
2B352	Equipment for Handling Biological Materials	1	\$46,769
3A001	Electronic Devices/Components	7	\$101,047
3A981	Polygraphs/Fingerprint Analyzers/Cameras/Equipment	1	\$5,950
3E001	Technology for Dev or Prod of Certain Items in 3A/	4	\$4
3E002	Other Technology for Items in Category 3	2	\$2
3E991	Manufacturing and Test Equipment for 3B991/92	1	\$2
4D003	Specific Software, as Described in this Entry	1	\$1
4E001	Technology for Dev/Prod/Use of Certain Equip/SoftW	2	\$2
5E001	Technology for Dev/Prod/Use, Etc, of Equip. in 5A0	2	\$2
6A003	Cameras	17	\$873,111

Appendix F: Approved Applications for Country Group D:1 and Cuba

CCL	Description	Applications	Dollar Value
UKRAINE (Continued)			
6A006	Magnetometers/Magnetic Gradiometers/Compensation S	1	\$27,000
9E018	Technology for Dev/Prod/Use of Items in 9A018	1	\$1
Total Applications: 50			
Total Ccl's: 18			
Total Dollar Value: \$1,857,912			

CCL	Description	Applications	Dollar Value
UZBEKISTAN			
1C350	Chemicals, Precursors for Toxic Chemical Agents	2	\$11,000,000
3A231	Neutron Generator Systems Including Tubes	1	\$102,000
3E001	Technology for Dev or Prod of Certain Items in 3A/	1	\$1
4E001	Technology for Dev/Prod/Use of Certain Equip/SoftW	1	\$1
6D003	Other Software	1	\$200,000
Total Applications: 6			
Total Ccl's: 5			
Total Dollar Value: \$11,302,002			

CCL	Description	Applications	Dollar Value
VIETNAM			
0A979	Police Helmets, Shields and Parts	1	\$35
0A987	Optical Sighting Devices for Firearms	1	\$350
1A001	Components Made From Fluorinated Compounds	1	\$43
1A985	Fingerprinting Powders, Dyes, and Inks	1	\$25,000
1C351	Human Pathogens, Zoonoses, and Toxins	2	\$1,900
2A983	Explosives or Detonator Detection Equipment	2	\$61,756
2B229	Centrifugal Balancing Machines	1	\$33,502
2B351	Toxic Gas Monitoring Systems & Dedicated Detectors	2	\$1,135
3A229	Firing Sets and High Current Pulse Generators	1	\$930,000
3A232	Detonators/Multipoint Initiation Systems	2	\$399,000
3A233	Mass Spectrometers	2	\$222,095
4D003	Specific Software, As Described in this Entry	1	\$1

Appendix F: Approved Applications for Country Group D:1 and Cuba

CCL	Description	Applications	Dollar Value
VIETNAM (Continued)			
4D980	Software for Dev/Prod/Use With 4a980 Items	1	\$26,500
4E001	Technology for Dev/Prod/Use of Certain Equip/SoftW	1	\$1
5D002	Software for Information Security	3	\$62,347
5E001	Technology for Dev/Prod/Use, Etc, of Equip. in 5A0	4	\$104
6A003	Cameras	2	\$73,825
	Total Applications: 26		
	Total Ccl's: 17		
	Total Dollar Value: \$1,837,594		



Appendix G: Report on Domestic Impact of U.S. Exports To Controlled Countries

In accordance with Section 14(e) of the Export Administration Act of 1979, as amended (EAA), the Bureau of Industry and Security (BIS) continues to assess the impact on U.S. industry and employment of output from “controlled countries”¹ resulting, in particular, from the use of U.S. exports of turnkey plants and manufacturing facilities.

Section 14(e), which was added as an amendment to the Act in 1985, requires the following:

“ . . . a detailed description of the extent of injury to U.S. industry and the extent of job displacement caused by U.S. exports of goods and technology to controlled countries.”

“ . . . a full analysis of the consequences of exports of turnkey plants and manufacturing facilities to controlled countries...to produce goods for export to the United States or compete with U.S. products in export markets.”

Turnkey Plants and Facilities Exports

The Export Administration Regulations (EAR) require a license to export certain turnkey plants and facilities (and related software and technology) to controlled destinations. In Fiscal Year 2004, BIS did not process any license applications for export of turnkey plants to a controlled country.

As a result of several revisions to the EAR in recent years, an increasing number of turnkey plants and facilities (and related software and technology) have become

eligible for export to controlled destinations either without a license or under a license exception. For example, a license is generally not required for exports to controlled destinations (except Cuba) of turnkey plants and facilities (and related software and technology) that are classified as EAR99 (the designation for items that are subject to the EAR, but not specifically listed on the Commerce Control List). In addition, certain turnkey plants and facilities (and related software and technology) may be listed in a Commerce Control List entry where the applicable Reason for Control does not require a license to one or more controlled destinations, as indicated in the appropriate Reason for Control column of the Commerce Country Chart. Other turnkey plants and facilities (and related technology and software) may be eligible for export to controlled destinations under a license exception, such as License Exception CIV (which authorizes exports of certain national security controlled items to civil end-users, for civil end-uses, in most controlled countries, except Cuba and North Korea) or License Exception TSU (which authorizes exports of operation technology and software, sales technology, and software updates, subject to certain conditions).

BIS does not maintain data on actual U.S. exports, regardless of whether or not a license is required. In addition, U.S. export data that are available from the Bureau of the Census do not provide the level of specificity needed to identify exports of turnkey plants and facilities. These factors preclude a thorough assessment of the impact of U.S. exports of turnkey plants and facilities to controlled countries. However, the small number of such

¹ For the purpose of this section, “controlled countries” are: Albania; Armenia; Azerbaijan; Belarus; Bulgaria; Cambodia; China (PRC); Cuba; Estonia; Georgia; Iraq; Kazakhstan; Kyrgyzstan; Laos; Latvia; Lithuania; Macao; Moldova; Mongolia; North Korea; Romania; Russia; Tajikistan; Turkmenistan; Ukraine; Uzbekistan; and Vietnam.

Appendix G: Report On Domestic Impact of U.S. Exports to Controlled Countries

exports in the past, coupled with the low percentage of U.S. exports destined for controlled countries (see below), make it reasonable to conclude that the ultimate impact on U.S. production is insignificant.

Goods and Technology Exports

Historically, the dollar value of trade with controlled destinations has been low. In 2003, U.S. exports to these countries totaled \$35.0 billion, which represents an increase of \$9.3 billion from 2002 levels, and about 5 percent of total U.S. exports. China is, by far, the largest single export market among the controlled country group, with over 81 percent of the total: Russia ranks a distant second with 7 percent of the total. A breakdown of exports by commodity category indicates that capital goods items, including machinery and transportation equipment, represented about half of the total U.S. exports to controlled countries (especially China). Given the small share of U.S. exports to controlled countries, relative to total U.S. exports, the overall adverse impact through injury to U.S. industry and job displacement is probably minimal.

Controlled Destination	Calendar Year 2002 U.S. Exports (in millions of dollars)
Albania	\$9.7
Armenia	\$102.8
Azerbaijan	\$119.8
Belarus	\$84.1
Bulgaria	\$155.7
Cambodia	\$57.9
China	\$28,367.9
Cuba	\$259.1
Estonia	\$120.6
Georgia	\$131.0
Iraq	\$309.9
Kazakstan	\$168.2
Kyrgystan	\$39.1
Laos	\$4.7
Latvia	\$123.7
Lithuania	\$162.3
Macao	\$54.6

Moldova	\$25.1
Mongolia	\$20.7
North Korea	\$8.0
Romania	\$366.9
Russia	\$2,447.2
Tajikistan	\$50.0
Turkmenistan	\$34.2
Ukraine	\$230.6
Uzbekistan	\$256.1
Vietnam	\$1,323.8
Total, Controlled Destinations	\$35,033.7
Total, U.S. Exports Worldwide	\$713,122.0
U.S. Exports to Controlled Destinations as a Percent of Overall U.S. Exports	4.9%

Although the bases for our export controls are national security, foreign policy, and short supply, BIS, as part of its defense industrial base monitoring responsibilities, reviews, on an ongoing basis, the potential impact of U.S. technology transfers. In this regard, in 1999 BIS conducted a study that examines the extent to which access to the Chinese market is conditioned upon technology transfers, including those related to the establishment of turnkey plants and facilities. The study found that the Chinese Government routinely seeks to obtain technology from foreign bidders through formal and informal means. Such technology transfer occurs in the form of local content requirements, investment requirements, establishment of R&D facilities, and other concessions. U.S. and other Western companies accede to these demands in order to capture the sale or establish a joint venture. Such trade-related investment requirements and commercial offset demands are not limited to China, but are contrary to free trade principles adhered to by members of the World Trade Organization (WTO). It is yet to be seen what the impact of China's recent accession to the WTO will be on such requirements.

U.S. and other Western firms also choose to establish production facilities in China for competitive reasons,

such as to take advantage of China's large pool of quality labor, to be close to the market for their products, and in response to business incentives created by Chinese local and national governments. The United States runs an enormous trade deficit with China (\$124 billion in 2003), and a very high percentage of China's exports (more than 50 percent) originate from foreign-invested enterprises. Thus, these practices and trends do raise concerns with regard to their impact on the competitiveness of U.S. industry and employment over the long term.

While few full turnkey plants could be identified, a review of export licenses applied for China in the past fiscal years shows that a significant number involve exports of components, manufacturing equipment, and/or technology for use in foreign invested production facilities. Among the components being exported (for incorporation into products manufactured in China) are fibrous materials, aircraft bearings, microprocessors for personal computers, and aluminum forgings. Examples of equipment

are vacuum measurement equipment, semiconductor production and test equipment, milling machines, and oscilloscopes. Again, many other types of components, equipment, and technology are doubtless exported without the need for an export license (i.e., because they are not controlled for national security reasons or are eligible for shipment under a license exception).

BIS also monitors certain forms of technology transfer as part of its overall responsibilities for the defense industrial base. Among these responsibilities are: reviewing the impact of offsets on defense trade; participating in the Treasury Department-chaired Committee on Foreign Investment in the United States (CFIUS); and assessing the health and competitiveness of strategic industry sectors. Further information on these activities, including copies of the industrial sector assessments, is available from BIS's Office of Strategic Industries and Economic Security (SIES) Web page at www.bis.doc.gov/OSIES/.



Appendix H: Agricultural Supply Tables and Information

*Note: All data for this appendix was provided by the U.S. Department of Agriculture (USDA).
The information is from September 2004 and is regularly updated by the USDA
via the web address printed at the end of this chapter.*

Wheat

Domestic Situation

Projected U.S. 2004/05 ending stocks of wheat are lowered 9 million bushels from August 2004 as a 41-million-bushel increase in production (reported in the *Small Grains Summary*) is more than offset by 25-million-bushel increases in both exports and in feed and residual use. Feed and residual use is raised based on larger-than-expected use in the first quarter implied by September 1 grain stocks. The projected price range is raised 10 cents on the lower end to \$3.10 to \$3.50 per bushel because of the smaller stocks, larger exports, and higher-than-expected prices during the past month.

World Supply and Trade

Projected 2004/05 global wheat production and use are up, but stocks are lower than August 2004. Global wheat production is raised 5.2 million tons and now stands at a record 616 million tons, 64 million tons more than 2003, and the largest year-to-year increase in over 45 years. Foreign production is up 4 million tons from August 2004 and is 69 million tons above 2003. The EU-25 crop is raised 2.6 million tons this month, with smaller increases forecast for the United States (up 1.1 million tons), Brazil, and Turkey (each up 0.5 million tons), and several other countries. Global consumption is raised by nearly 5 million tons from August 2004 due in part to larger feed use in the United States, the EU-25, and Canada. In addition, food use is raised nearly 3 million tons, with India's food use boosted 2 million tons because of lower production of other grains. Global imports are nearly unchanged from August 2004. However, exports from the United

States and the EU-25 are higher while Canada's are lower. Brazil's imports are lower by 0.5 million tons. Relative to August 2004, projected global ending stocks are down about 1 million tons because beginning stocks are lowered 1.4 million tons and the increase in global production is largely offset by greater consumption.

Coarse Grains (corn, sorghum, barley oats and rye)

Domestic Situation

This month's outlook for 2004/05 U.S. feed grains is for a record total crop, higher use, and larger stocks. Forecast 2004 corn production is a record 11.613 billion bushels, up 652 million bushels from August 2004. Due to a reduction in planted and harvested area, 2004 grain sorghum production is down 10 million bushels. Barley production is up 7 million bushels and the oat crop is lowered 11 million bushels based on the

Small Grains Summary

Projected feed and residual use of corn is up 200 million bushels from August 2004. However, exports are 25 million bushels lower due to the slow pace of export sales to date and increased competition from feed-quality wheat. Relative to August 2004, projected ending stocks of corn are up 482 million bushels but grain sorghum stocks are down 22 million bushels. Barley stocks and oats stocks are also lower. The projected corn price range is down 25 cents on each end from August 2004 to \$1.75 to \$2.15 per bushel. The price range for grain sorghum is down 20 cents to \$1.70 to \$2.10 per bushel. The price range for barley is narrowed 5 cents on each end to \$2.30 to \$2.60

Appendix H: Agricultural Supply Tables and Information

per bushel and the price range for oats is narrowed 5 cents on each end to \$1.30 to \$1.50 per bushel.

World Supply and Trade

Global 2004/05 coarse grain supply, use, and stocks projections are up from August 2004. Global production is raised to a record 977 million tons, up 18 million tons from August 2004 and 8 percent larger than 2003/04. Relative to August 2004, larger crops are projected for the United States, Romania (up 2.1 million tons), China (up 2 million tons), and the EU-25 (up 1.3 million tons). Crop reductions are noted for India (down 2.1 million tons), Brazil (down 0.5 million tons), and Canada (down 0.4 million). In addition, changes are made in a number of African countries with the net result that production is nearly 1 million tons lower. Global trade is down slightly from August 2004. Smaller exports are projected for the United States, Australia, and Canada but larger exports are projected for the EU-25. Reduced imports are projected for South Korea, South Africa, and Canada. Global coarse grain stocks are raised 12 million tons from August 2004 and are up 48 million tons from 2003. Ending stocks are raised for the United States with smaller increases projected for the EU-25, Canada, and other countries. China's corn stocks increase fractionally, as larger domestic non-feed use and slightly smaller beginning stocks largely offset the increase in the crop.

Rice

Domestic Situation

U.S. rice production in 2004/05 is forecast at a record 225.5 million cwt, 1.7 percent above August 2004. Average yield is forecast at a record 6,763 pounds per acre, up 112 pounds per acre from August 2004. Area planted and harvested are unchanged from a month ago. Long-grain production is forecast at 165.3 million cwt, 1.7 percent above August 2004, while combined medium- and short-grain production is forecast at 60.2 million cwt, 1.7 percent above August 2004.

Domestic and residual use is projected at 119.0 million cwt, down less than 1 percent from August 2004, but 4 percent above the revised 2003/04 estimate. Exports in 2004/05 are projected at 104 million cwt, nearly 3 per-

cent below August 2004, and about the same as 2003/04. Rough rice exports are projected at 32 million cwt, about 9 percent below August 2004, while combined milled and brown rice exports are projected at 72 million cwt (rough-equivalent basis), unchanged from August 2004. Ending stocks are projected at 40.7 million cwt, 24 percent above August 2004, 72 percent above 2003/04, and the largest stocks since 1986/87. The season-average farm price is unchanged at \$7.00 to \$7.50 per cwt.

World Supply and Trade

Global 2004/05 rice production, imports, exports, consumption, and ending stocks are little changed from a month ago. On the production side, a lower crop projected for Brazil is partially offset by increases for the United States and Turkey. Imports are increased for Brazil, Saudi Arabia, and Malaysia, partially offset by declines for Peru and Turkey. Lower rice exports for the United States, India, and Australia are partially offset by an increase for Thailand. Global rice ending stocks in 2004/05 are projected at 68.4 million tons, down 0.3 million tons from August 2004. Lower stocks in 2004/05 projected for Brazil, India, and Thailand are partially offset by higher stocks for the United States and Indonesia.

Soybeans and Products

Domestic Situation

Soybean production is forecast at a record 3,107 million bushels, up 271 million bushels from August 2004 based on a record yield and higher harvested area. At 42.0 bushels per acre, the 2004 yield forecast exceeds the previous record of 41.4 bushels per acre set in 1994. Projected soybean exports are increased 25 million bushels due to reduced South American supplies and to more competitive U.S. prices. Soybean crush is raised 30 million bushels as domestic meal use and export prospects improve. Soybean ending stocks are projected at 405 million bushels, which would be the highest level since 1986/87. The U.S. season-average soybean price for 2004/05 is projected at \$4.70 to \$5.50 per bushel, down from \$5.35 to \$6.25 August 2004. Soybean meal prices are projected at \$150 to \$180 per short ton, down \$20 on both ends of the

range from August 2004 and down from \$256.05 per short ton 2003.

Soybean oil prices are projected at 21.5 to 24.5 cents per pound, down 2 cents per pound on both ends of the range, and sharply below 29.97 cents per pound for 2003/04.

World Oilseeds and Products Supply and Trade

Global oilseed production for 2004/05 is projected at a record 385.9 million tons, up 5.3 million tons from August 2004 as increased U.S. production more than offsets lower foreign output.

Foreign oilseed production is reduced 2.2 million tons, primarily due to lower soybean and sunflower seed production. The Brazilian soybean crop is projected at 64.5 million tons, down 1.5 million tons from August 2004 as lower prices and higher input costs trim projected area expansion. Sunflowerseed production is reduced for Argentina based on lower planted area. Sunflowerseed production is also reduced for Ukraine, reflecting lower-than-expected yields. Other changes include higher cottonseed production for India and reduced rapeseed production for Canada.

Cotton

World production for 2004/05 is projected at 109.7 million bales this month, more than 10 percent above the previous record set in 2001/02. Sharply higher production relative to August 2004 raises world ending stocks, despite a moderate increase in world consumption. A 9-percent rise in India's crop, attributable mainly to higher area, accounts for about half of the world production increase; production is also higher in Pakistan and Turkey, as well as the United States.

World consumption is raised 0.5 percent from August 2004 due to increases for China, India, and Pakistan. World trade is virtually unchanged, as higher projected imports by China are offset by decreases for India and Pakistan.

World ending stocks are raised nearly 5 percent from August 2004 to about 42 million bales.

Agriculture Supply Tables

The U.S. Department of Agriculture has provided supporting data for the above cited analysis which can be found at the following Web links:

WORLD COARSE GRAIN TRADE:

<http://www.fas.usda.gov/grain/circular/2004/10-04/CGrain.xls>

MAJOR OILSEEDS: WORLD SUPPLY AND DISTRIBUTION:

<http://www.fas.usda.gov/oilseeds/circular/2004/04-10/table1t3.xls>

SOYBEANS: WORLD SUPPLY AND DISTRIBUTION:

<http://www.fas.usda.gov/oilseeds/circular/2004/04-10/table5t7.xls>

WORLD RICE TRADE:

<http://www.fas.usda.gov/grain/circular/2004/10-04/Rice.xls>

WORLD WHEAT, FLOUR, AND PRODUCTS TRADE:

<http://www.fas.usda.gov/grain/circular/2004/10-04/Wheat.xls>

COTTON:

<http://www.fas.usda.gov/cotton/circular/2004/10/table02.pdf>