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## EU Seeks Public Comments on Export Control Reform

The European Union's (EU) attempt to catch up with U.S. export control reforms took another step forward with a European Commission call July 15 for public comments for recommendations on regulatory and non-regulatory actions the EU should take to reform its controls. The Commission said its aim is to get interested parties' views on the objectives and options it outlined in a "communication" it issued in April 2014 on its review of potential reforms (see **WTTL**, May 12, 2014, page 1)

Since then, the Commission, the EU's executive branch, has initiated an impact assessment of the costs and benefits of its options. The call for comments, which are due by Oct. 15, is intended to support that assessment.

Compared to the U.S., the EU reform process has moved very slowly. It initiated the effort in 2009 and issued a "Green Paper" to launch public discussion in 2011. A staff working document, a report to the EU Parliament and then the "communication" followed. The staff document identified issues raised by over 100 stakeholders, "including their views concerning possible evolutions towards a more integrated EU export control regime ensuring security and a more level-playing field," the Commission noted.

"The analysis and stakeholder consultations carried out until now within the export control policy review have thus far demonstrated that, though the EU export control system provides solid legal and institutional foundations, it cannot remain static," the Commission said. "The review illustrated the need to address various challenges, weaknesses and deficiencies of the current system identified by stakeholders. Moreover, it pointed towards the necessity to respond to evolving security, economic and technological conditions and concluded that the EU system should be upgraded in order to face those challenges and generate the modern control capabilities the EU needs in the coming decade and beyond," it added.

## Ex-Im Could Get Short-Term Extension, Maybe

The fate of the now-lapsed Export-Import Bank (Ex-Im) charter has become entangled in a battle between the House and Senate over legislation (H.R. 22) to renew the Highway Trust Fund and whether to extend the fund for five months or six years. One potential

outcome might be a short-term extension of the bank until the end of the year, lawmakers have suggested. Senate Majority Leader Mitch McConnell (R-Ky.) offered the bank renewal measure (S. 819) sponsored by Sens. Mark Kirk (R-Ill.) and Heidi Heitkamp (D-N.D.) as an amendment July 24 to the pending Senate highway bill, with a vote on cloture scheduled for Sunday, July 26, and a final vote on July 27.

It is unclear whether the House, which has approved a short-term extension of the fund, would accept the Senate version. All of this drama is playing out as the fund is about to expire at the end of July and lawmakers are racing to start their August recess (see **WTTL**, July 6, page 5).

McConnell's move, which appeared to keep a promise he made to Democrats in June to get their support for fast-track legislation, sparked an angry tirade from Sen. Ted Cruz (R-Texas). In a rare lapse of Senate decorum and propriety, Cruz stood on the Senate floor and called McConnell a liar for telling Republicans he made no promise to Democrats to bring up an Ex-Im vote and then offering the amendment himself.

Bank supporters are concerned House Republicans won't accept the Senate's six-year highway bill and might strip out the Ex-Im amendment and send back their short-term approach. Another scenario would have the House send back a short-term highway bill with a short-term extension of Ex-Im.

"I think that the understanding would be that if that happened, it would only be for the length of highway bill," Sen. John Thune (R-S.D.) told reporters July 23. He said he did not think it would be possible to get a long-term extension of Ex-Im on a short-term highway bill. "There is no question but that Ex-Im is going to be handled in some fashion during this debate," he said.

Sen. Maria Cantwell (D-Wash.), one of Ex-Im's main supporters, expressed frustration with how the bank is being treated by House and Senate Republicans as they debate the highway bill. "Right now it is just being used as a pawn," she told reporters July 23. "They are fighting with each other over this," he said. "What we don't want to happen is to put it on a long-term [highway] bill over here that goes over there and the House decides not to pick it up and McConnell says, 'Ach. We lived up to our obligation. We put it on something'," she said.

As the vote on Ex-Im approached, supporters and opponents stepped up their rhetoric over the bank. The Democratic staff of the congressional Joint Economic Committee issued a report July 22 showing how the bank is helping small business and why it is needed. Two days earlier, 72 top executives of aerospace industry firms wrote to congressional leaders, urging renewal of the bank.

## **12,000 Gun Owners Fire on State's ITAR Definitions Proposal**

Two weeks before the deadline for comments on a proposal to harmonize export control definitions, the Directorate of Defense Trade Controls (DDTC) has already gotten almost 12,000 comments from gun owners protesting what they call the "prior restraint" provision of the proposed changes to the International Traffic in Arms Regulations' (ITAR) definition of "public domain" (see **WTTL**, June 8, page 3). On its parallel rule, the Bureau of Industry and Security (BIS) has only received only 10 comments to date. Of

over 7,000 comments already posted on regulations.gov, the government's website for regulatory comments, half appear to be almost identical from individuals or anonymous commenters arguing, often in graphic language, that the proposed rule "could potentially grant the State Department a wide-ranging power to monitor and control gun-related speech on the Internet." They say the new language, which addresses technical data on publicly available networks, "could put anyone who violates this provision in danger of facing decades in prison and massive fines."

BIS Assistant Secretary Kevin Wolf told his agency's Emerging Technology and Research Advisory Committee (ETRAC) July 23 that the preamble to the DDTC proposal said "this is actually not a change, this has always been their rule." State made it clear "that before putting ITAR-controlled technical data or software in the public domain such as on the Internet or at a speech at a conference or in a journal or book, that before doing so, before making that speech, before posting that post, if there's ITAR-controlled tech data in it... you would need permission from either DDTC or other cognizant legal authority," Wolf said.

DDTC's proposal would add this wording to its definition of public domain: "Technical data or software, whether or not developed with government funding, is not in the public domain if it has been made available to the public without an authorization" from DDTC, Defense's Office of Security Review; the relevant U.S. government contracting entity; or another U.S. government official "with authority to allow the technical data or software to be made available to the public."

## Talks Remain on Sensitive ITA Products After Deal

The full impact of the agreement adopted July 24 on the expansion of the World Trade Organization's (WTO) Information Technology Agreement (ITA) won't be known for several months, as negotiations continue on the schedules for phasing out tariffs on some 200 new products added to the pact. While the countries participating in the talks are expected to reduce most tariffs to zero within three years, the agreement will allow countries to delay the cuts for "sensitive" products for up to five or seven years.

After two years of talk and several last-minute snags, ITA negotiators reached a tentative agreement July 18 and 54 members agreed to a final one July 24. WTO ministers would confirm the final schedule of commitments, including for sensitive products, at the 10th Ministerial Conference in Nairobi, Kenya, Dec. 15-18.

The agreement was hailed as the first WTO tariff-cutting deal in 18 years, eliminating duties on some \$1 trillion in annual trade when fully implemented, including about \$100 billion in U.S. exports. "This is a big deal," said WTO Director-General Roberto Azevêdo in a statement. "The trade covered in this agreement is comparable to annual global trade in iron, steel, textiles and clothing combined. By taking this step, WTO members will help to provide a jump-start to the global economy and underline the WTO's role as the central global forum for trade negotiations," he added.

Under the accord, ITA participants will cut their tariffs on all imports from all countries whether or not the exporting country has also signed onto the agreement to end their

tariffs. The deal would go into effect July 1, 2016, if, as expected, a “critical mass” of countries participate. That critical mass would be approximately 90% of the global market for these products. The agreement would allow countries that have not joined to be “free riders,” including Brazil and India. Industry sources discount the advantage free riders will gain, noting that maintaining higher tariffs will make those countries less attractive to foreign investment seeking to benefit from lower ITA tariffs. Taiwan was not able to agree to the deal July 24 but is expected to sign on shortly.

The final agreed list of some 200 products is far below the original goal of covering about 360 tariff lines, but the result was nonetheless applauded by U.S. industry groups. There appears to have been recognition that some of products on the larger list didn't fall under the ITA definition or were “just too darn sensitive,” John Neuffer, president of the Semiconductor Industry Association, told WTTL. An important improvement on the 1997 ITA deal is the inclusion of more parts and components, reducing the cost of sourcing those items from several countries for ITA manufacturers that rely on the global supply chain, he also noted.

Negotiations on the staging of tariff phase-outs, which are supposed to be completed before the Nairobi ministerial, are not expected to be too controversial because ITA participants already know which products other countries have identified as sensitive. The tougher issue may be over whether countries will get five years to phase out those tariffs or seven years for “exceptional” products. China, which originally sought to exclude scores of products from the deal, is expected to seek the largest number of sensitive designations, which appears to have been part of the bargain to keep it in the deal. “China got more than anybody” in sensitive designations, one source reported.

Among the products to be added to the ITA and to see tariffs go to zero, according to the U.S. Trade Representative's (USTR) office, are: next generation semiconductors for which some countries have tariffs of up to 25%; magnetic resonance imaging machines (up to 8%); computed tomography scanners (up to 8%); global positioning systems (up to 8%); printed matter/cards to download software and games (up to 10%); printer ink cartridges (up to 25%); static converters and inductors (up to 10%); loudspeakers (up to 30%); software media, such as solid state drives (up to 30%); and video game consoles (up to 30%). Also included are high-tech medical devices, video cameras, and certain information and communication technology testing instruments.

## **Refunds of Tariffs on GSP Goods Coming, Customs Promises**

Importers who paid tariffs on goods that were subject to the Generalized System of Preferences (GSP) during the period when the program had lapsed could start seeing refunds in the coming months. Customs and Border Protection (CBP) has issued guidance on how it will make those payments due to enactment of trade preference legislation (H.R. 1295), which retroactively grants duty-free benefits dating back to when the law lapsed July 31, 2013 (see WTTL, July 6, page 2).

In a Frequently Asked Questions (FAQ) posting on its website, CBP says importers that identified their imports with proper codes during the lapsed period will get those refunds automatically and won't have to do anything. Those that did not code their shipments will need to apply for a refund before a Dec. 28, 2015, deadline. The law grants GSP

treatment to eligible goods entered after July 31, 2013, through July 28, 2015. It resumes GSP going forward as of July 29. “CBP plans to automatically refund GSP duties paid for eligible goods that were submitted with a GSP claim (entries with the SPI “A”, “A+,” or “A\*” as a prefix to the tariff number) during the lapse period – August 1, 2013 through July 28, 2015. Therefore, a request for refund should not be made at the port of entry for any entries previously submitted with the GSP indicator,” the agency said in its FAQ posting.

“For eligible GSP goods that were entered without the GSP indicator (SPI “A”, “A+,” or “A\*”) during the lapse, the importer must request the refund in writing. The request must contain sufficient information (including the entry number, the line number, and requested refund) to enable CBP to locate the entry or to reconstruct the entry if it cannot be located. A post-entry amendment (PEA) or post summary correction (PSC) can also be submitted but is not required,” it explained.

“Any amounts owed by the United States pursuant to Public Law 114-27 to the liquidation or re-liquidation of any entry of an article will be paid, without interest,” CBP said. Also, no refunds will be paid on entries of goods from Russia or Bangladesh, which lost their GSP eligibility during the lapse period.

## **As Embassies Reopen, BIS Drops Cuba from Terrorism Controls**

As the Cuban flag was being raised at Cuba’s new embassy in Washington, the Bureau of Industry and Security (BIS) posted changes to the Export Administration Regulations (EAR) to remove references to Cuba as a State Sponsor of Terrorism (SSOT). In a final rule in the July 22 Federal Register, BIS removed anti-terrorism (AT) license requirements from Cuba, but said it “maintains preexisting license requirements for all items subject to the EAR unless authorized by a license exception.” It also stressed that the trade embargo on Cuba remains in place.

The opening of the embassies marked the beginning of a new business community campaign to get the trade embargo lifted. With fast-track trade negotiating authority and trade preferences legislation already enacted, industry sources say Cuba is their next trade priority.

Although the embargo remains, the rule removed Cuba from Country Group E:1 (terrorist supporting countries) on the Country Group List, which will allow foreign reexports containing up to 25% U.S. content to Cuba under the EAR *de minimis* rule. BIS Deputy Assistant Secretary Matthew Borman had previously outlined the changes at an event in Washington (see **WTTL**, June 29, page 1).

The rule removed: the reference to “counter-terrorism” from the licensing policy that applies to certain exports intended to provide support for the Cuban people; section 746.2(c), which identified Cuba as a country whose government has repeatedly provided support for acts of international terrorism; references to “terrorism” and “state sponsors of terrorism” from section 746.2(e), which described the license requirements regarding Cuba; and the word “Cuba” from the statements of anti-terrorism license requirements in Export Control Classification Numbers (ECCNs) 1C350, 1C355, 1C395, 2A994, 2D994 and 2E994. In addition, exports to Cuba are allowed under four license exceptions:

Servicing and Replacement of Parts and Equipment (RPL); Governments, International Organizations, International Inspections under the Chemical Weapons Convention, and the International Space Station (GOV); Baggage (BAG); and Aircraft, Vessels and Spacecraft (AVS). Because Cuba is still subject to an embargo, the rule added a reference to Country Group E:2 to the note that immediately follows the control table in ECCN 4A003. “That note states that except for destinations in Country Group E:1, no license is required for computers with an Adjusted Peak Performance not exceeding 8.0 weighted teraFLOPS. The addition of Country Group E:2 retains Cuba’s status as a destination for which a license is required,” it said.

The Cuban embassy in Washington and the U.S. embassy in Havana reopened July 20. “Beginning today, our diplomats in Havana will have the ability to engage more broadly across the island of Cuba, with the Cuban government, civil society and ordinary Cubans. We look forward to collaborating with the Cuban government on issues of common interest, including counterterrorism and disaster response,” a White House spokesperson noted.

Secretary of State John Kerry will travel to Havana Aug. 14 to re-designate the U.S. Interests Section formally as the U.S. Embassy Havana. While in the Cuban capital, he will meet with senior government officials, the department announced.

U.S. companies, including American Airlines and Caterpillar, were quick to applaud the opening of the embassies. “The reopening of the United States and Cuban embassies in Havana and Washington is an important step toward building new commercial relationships and re-establishing scheduled air service between the U.S. and Cuba,” said American’s Chairman and CEO Doug Parker in a statement. “American Airlines has operated charter flights to Cuba for nearly 25 years and we stand ready to begin scheduled service when it’s allowed,” he added.

“We encourage the President and Congress to work together on the next step – finally ending the 54-year embargo that has made the 90 miles separating our nations an insurmountable barrier. It is now time to unleash the full power of engagement by fully normalizing relations. Fully integrating Cuba into the global economy will improve the everyday lives of the Cuban people,” said Caterpillar Chairman and CEO Doug Oberhelman in a statement. Caterpillar executives visited Cuba in April 2015.

## **Lago Gets Quick Confirmation Hearing at Finance**

After waiting eight months to get a confirmation hearing to be deputy USTR, Marisa Lago spent only an hour before the Senate Finance Committee July 23, providing boilerplate answers to questions from the committee. She actually had to share half that hour with another nominee to head the Pension Benefit Guaranty Corporation.

Once confirmed, it appears Lago may have little to do in the USTR post over the last 18 months of the Obama administration. Her portfolio will cover mostly the Western Hemisphere, with no major U.S. trade negotiations planned for that region. That light assignment drew the attention of Finance Chairman Orrin Hatch (R-Utah). “I understand from USTR that you will not be responsible for any of the ongoing trade negotiations,” Hatch noted in his opening statement. “I find it strange that the administration does not

empower its Deputy U.S. Trade Representatives, positions that have been created by statute and are confirmed by the Senate, to manage trade negotiations. However, that is a decision that the President has apparently made and I do not believe it should impact your nomination,” he said.

Hatch also complained about the administration’s lack of attention to the Western Hemisphere. “I must say I am pretty disappointed with the administration’s trade policy in the Americas,” he told Lago. “The Americas just do not seem to be a priority,” he said, noting that was a problem with previous administrations as well. When Hatch asked her what she would do to change that, Lago said she would build on existing trade relations, work with Central America on its migrant and economic issues and continue to expand trade with Brazil and “Pacific Alliance Countries.” She cautioned that it is “hard to paint the continent as just one entity.”

In response to questions from Ranking Member Ron Wyden (R-Ore.) on trade enforcement, his favorite subject, Lago said she would draw on her past experience as a Securities and Exchange Commission compliance officer and use a variety of tools. She said enforcement of labor and environmental provisions in trade deals will involve State, Labor and the Environmental Protection Agency. Her response didn’t satisfy Wyden. “Those are good principles,” Wyden said. “I still want to know more about how you are going to make the judgment to send a really tough message,” he said. “You can’t just talk about enforcement in the abstract. It’s got to be real,” Wyden told Lago.

## **Louis Berger Pays \$17 Million to Settle FCPA Charges**

Louis Berger International Inc. (LBI), the N.J.-based international construction management company, agreed to pay a \$17.1 million criminal penalty under a three-year deferred prosecution agreement (DPA) with Justice on charges it violated the Foreign Corrupt Practices Act (FCPA). LBI admitted to bribing foreign officials in India, Indonesia, Vietnam and Kuwait to secure government construction management contracts. A criminal complaint and the DPA were unsealed in Newark U.S. District Court July 17.

Two of LBI’s former executives -- Richard Hirsch of Makaati, Philippines, and James McClung of Dubai, United Arab Emirates -- also pleaded guilty to conspiracy to violate the FCPA and violating the FCPA. Hirsch was the senior vice president responsible for the company’s operations in Indonesia, Thailand, the Philippines and Vietnam. McClung previously served as senior vice president responsible for LBI’s operations in India and, after Hirsch, in Vietnam. Their sentencing is scheduled for Nov. 5, 2015.

“The purpose of the conspiracy was to make and conceal corrupt payments to foreign officials in India, Indonesia, Kuwait, Vietnam and elsewhere in order to obtain and retain contracts with government entities in those countries and, thus, to enrich the Company and the co-conspirators with the full economic benefits anticipated from such contracts,” the criminal complaint against LBI noted.

The company “would and did use terms like ‘commitment fee,’ ‘counterpart per diem,’ ‘marketing fee,’ and ‘field operation expenses’ as code words to conceal the true nature of the bribe payments and by utilizing cash disbursement forms and invoices which did

not truthfully describe the services provided or the purpose of the payment,” the complaint said. Under the DPA, LBI has agreed to implement rigorous internal controls, to cooperate fully with Justice and to retain a compliance monitor for at least three years.

“The DOJ has acknowledged the extensive global reforms undertaken at Louis Berger since 2010,” said its chairman Nicholas J. Masucci in a statement. “Today’s settlement is the critical final milestone in our reform, as it was important for us to take responsibility for the historic actions of former managers and close the chapter on the company’s pre-2010 era,” he added.

In February 2015, the World Bank sanctioned LBI based on the same charges. “All of the managers associated with these improper business activities were quickly separated from the company following the early findings of its investigations,” the company said at that time. “Following the company’s late 2010 settlement with the U.S. Department of Justice for improper billing on U.S. government overhead accounts, Louis Berger began a massive \$25+ million reform effort aimed at implementing new internal controls, developing new policies and procedures, and making comprehensive systems investments, including a new global accounting system,” the company added.

## **U.S. Loses WTO Case on Import Restrictions on Argentine Beef**

Trade critics got more ammunition July 24 to complain about foreign bureaucrats interfering with U.S. sovereignty in a World Trade Organization (WTO) panel ruling that said Washington acted inconsistently with WTO rules when it barred the import of fresh beef from Argentina because of concerns about food and mouth disease (FMD) among Argentine cattle. Since Argentina first raised its complaint against regulations issued by the U.S. Animal and Plant Health Inspection Service (APHIS) in 2012, the agency has lifted those restrictions, so the panel ruling may have little immediate impact.

Argentina’s complaint was part of a series of disputes with the U.S., which had filed its own complaints against Argentina’s trade barriers (see **WTTL**, Dec. 10, 2012, page 3). Buenos Aires raised several arguments against the APHIS policies, including its failure to treat different parts of Argentina based on actual cases and not using international standards. The WTO panel ruled in favor of almost all of Argentina’s complaints, which mostly fell under the WTO Sanitary and Phyto-Sanitary (SPS) agreement.

“That the United States has not undertaken and completed the procedure to review Argentina’s request for imports of fresh (chilled or frozen) beef from Northern Argentina without undue delay and has therefore acted in a manner inconsistent with Article 8 and Annex C(1)(a) of the SPS Agreement,” the panel concluded. “That the United States has not undertaken and completed the review of Argentina’s request for recognition of Patagonia as FMD-free without undue delay and it has thus acted inconsistently with Article 8 and Annex C(1)(a) of the SPS Agreement,” it also ruled.

“The Panel also finds that the scientific evidence required a review or new risk assessment, which the United States had not completed as of the date of establishment of the Panel,” the decision noted. “Therefore, the Panel finds that the measures are not maintained based on a risk assessment as required by Article 5.1 of the SPS Agreement. Such

failure cannot be justified by the fact that the risk assessment process was ongoing because the United States acted inconsistently with Article 8 and Annex C(1)(a) in the conduct of the risk assessment in that the process incurred undue delays. Therefore, the maintenance of the measures is inconsistent with Article 5.1,” it declared, recommending that the U.S. comply with the panel’s findings.

## **Wolf Says BIS May Be Limited in Changing Cybersecurity Rule**

BIS may be limited in how it can respond to widespread criticism it has received in comments on its proposed cybersecurity rule, according to BIS Assistant Secretary Kevin Wolf. The question remains how much leeway the agency has in implementing Wassenaar Arrangement agreements, he told the BIS Emerging Technology and Research Advisory Committee (ETRAC) July 23 (see **WTTL**, July 6, page 4).

“How much we can do without going against what was agreed to at Wassenaar is unknown yet,” he said. “There are all sorts of things we can do through interpretations or through notes or variations or licensing policy, to address some of the questions and still be consistent with what was agreed to at Wassenaar. Exactly which of these we will do, I have no idea yet.”

When BIS took the unusual step of proposing rules to implement changes Wassenaar adopted in 2013 to its cybersecurity controls instead of going straight to implementation, it knew it would face some criticism. From many “white-hat” hackers and security firms to large companies like Google, BIS has received over 200 comments on the proposal.

Wolf told ETRAC he suspects the extensive comments on the proposal will warrant a revised second proposal of the rule. He asked the committee to address the issues raised in the comments at its next meeting. Most of the comments take issue with the very idea that government controls can distinguish between “offensive” cyber attacks and “defensive” efforts to test network vulnerability, a criticism that BIS had anticipated.

“You can’t clarify the difference between good/bad software because there is no difference between offensive and defensive tools -- just the people who use them. The best way to secure your network is to attack it yourself,” wrote Robert Graham, a cybersecurity researcher, in his comment. “There is no solution that stops bad governments from buying ‘intrusion’ or ‘surveillance’ software that doesn’t also stop their victims from buying software to protect themselves. Export controls on offensive software means export controls on defensive software,” he wrote.

“We believe that these proposed rules, as currently written, would have a significant negative impact on the open security research community. They would also hamper our ability to defend ourselves, our users, and make the web safer. It would be a disastrous outcome if an export regulation intended to make people more secure resulted in billions of users across the globe becoming persistently less secure,” Google wrote.

“The model that many in industry have for managing vulnerabilities is based on communicating unpublished vulnerability information to companies that can fix software problems before weaknesses are exploited,” said comments from a group of industry organizations, including U.S. Chamber of Commerce, Information Technology Industry Council and National Foreign Trade Council. “The proposed rule suggests forcing

companies to publish vulnerabilities first — or otherwise making them publicly available — in order to conduct necessary research on exploits and transfer information in compliance with export rules,” the groups said.

## Unions File Complaint Against Peru’s Violation of Labor Deal

As negotiators prepare for the next round of talks on a Trans-Pacific Partnership (TPP), the deal’s provisions on labor rights enforcement are likely to get increased attention after Peruvian labor unions July 23 filed a complaint with the U.S. Labor Department, claiming Lima is violating the “May 10th Agreement” of the U.S.-Peru Trade Promotion Agreement (PTPA). The complaint of the unions and the International Labor Rights Forum (ILRF) also alleges that Peru is failing to enforce basic labor laws in its garment, textile, and agricultural export sectors by using short-term contracts to undermine basic worker rights.

“It is disconcerting that there’s been a failure to address this long-standing problem,” House Ways and Means Ranking Member Sander Levin (D-Mich.) said in a statement. “We must ensure that worker rights obligations in Vietnam, Mexico, Malaysia, and Peru, as well as the other TPP Parties, are made real in the negotiation of TPP,” he added. In December, a Labor department report gave “dishonorable mention” to those four TPP partners (see **WTTL**, Dec. 8, 2014, page 5).

“The vast majority of workers in the [textile] sector are employed under Peru’s Non-Traditional Export Promotion Law, which exempts employers from key parts of the general labor code by allowing them to hire virtually their entire workforce for an unlimited duration on a series of renewable, temporary contracts, some as short as 15 days,” the complaint noted. “Garment and textile employers have taken advantage of the special law by systematically declining to renew the contracts of thousands of workers who joined unions in an effort to improve wages and working conditions,” it asserted.

The complaint urged Labor to use the PTPA to initiate formal labor consultations with Peru on the repeal of certain articles of the Non-Traditional Export Promotion Law; repeal or modification of the Agricultural Promotion Law; strengthening of the administrative and judicial systems to ensure employer compliance with labor standards; strengthened oversight of employer use of temporary contracts, including measures to detect fraud, enhanced penalties, and the immediate conversion of workers to permanent contracts as required by law; and enforcement of the legal requirement that employers in the textile and garment sector pay the annual bonus to which workers are entitled.

In a letter to Labor, the AFL-CIO supported the complaint. “In the years since the PTPA entered into force, the AFL-CIO has received information from workers and unions that corroborates the assertions in the complaint,” it wrote.

**\* \* \* Briefs \* \* \***

**EXPORT ENFORCEMENT:** Envirotech Pump Systems of St. Louis agreed July 23 to pay civil penalty of \$500,000 to settle 32 BIS charges of exporting globe, gate and butterfly valves to China, Russia and other destinations without licenses between December 2007 and July 2011. Valves were classified under ECCN 2B350, controlled for reasons of chemical and biological

weapons proliferation and valued at approximately \$1.4 million. Of penalty, \$350,000 will be suspended for two years then waived if Envirotech commits no further violations.

**STEEL PIPES AND TUBES:** Atlas Tube, division of JMC Steel Group, Bull Moose Tube Company, EXLTUBE, Hannibal Industries, Inc., Independence Tube Corporation, Maruichi American Corporation, Searing Industries, and Southland Tube and Vest, Inc. filed countervailing and antidumping duty petitions July 21 at ITA and ITC against heavy-walled rectangular welded carbon steel pipes and tubes from Korea, Mexico and Turkey.

**AGOA:** As required by Trade Preferences Extension Act of 2015, USTR announced initiation of out-of-cycle review of South Africa's eligibility for African Growth and Opportunity Act (AGOA) in July 21 Federal Register. Hearing will be held Aug. 7.

**EX-IM FRAUD:** Guillermo M. Sanchez, his daughter Isabel C. Sanchez, and her husband Gustavo Giral, all of Cutler Bay, Fla., were indicted July 21 in Miami U.S. District Court for conspiracy to commit wire fraud, wire fraud, conspiracy to commit money laundering and money laundering in scheme to defraud Export-Import Bank from 2007 through 2012. Defendants allegedly created fictitious invoices for sales of merchandise that never occurred. Co-conspirators Freddy Moreno-Beltran, Ricardo Beato and Jorge Amad were charged separately and have pleaded guilty to participating in scheme. Moreno-Beltran is scheduled to be sentenced Oct. 16. Beato's sentencing is set for Sept. 25, and Amad's for Aug. 24. Guillermo Sanchez previously was sentenced in November 2010 to 48 months supervised release for previous charge of defrauding Ex-Im Bank of approximately \$854,000. He pleaded guilty in that case to setting up fraudulent deal for export of generators to South America (see **WTTL**, May 3, 2010, page 4). Sanchez committed newly alleged offenses while on probation from 2010 case, Justice spokesman told **WTTL** in email. "We allege that he paid his restitution in the first case with money from the new violations," he added.

**MORE EX-IM FRAUD:** Carlos Hernan Del Valle of Weston, Fla., owner of Lion Trading Corporation, was arrested July 20 on charge that he defrauded Plus International Bank of Miami and Ex-Im Bank of \$750,000. He represented that he sold and shipped meat products to nine businesses in Dominican Republic from November 2011 through January 2012, exports that never occurred. He is being held on \$1 million bond with requirement of proof that any bond money cannot be traced to proceeds of his criminal act.

**SANCTIONS:** Great Plains Stainless Co. (GPS) of Tulsa, Okla., has agreed to pay \$214,000 to settle OFAC charges of violating U.S. sanctions in 2009. GPS allegedly sold goods that its Chinese vendor shipped from Shanghai to GPS customer in Dubai, UAE, aboard blocked Iranian vessel. In addition, company requested creation of new trade documents with references to blocked vessel removed and then transferred altered documents to its customer to facilitate release of goods held at port in Dubai, OFAC said. GPS did not disclose violations.

**ALUMINUM EXTRUSIONS:** CIT Judge Delissa Ridgway July 22 sustained Commerce remand determination on antidumping and countervailing duty orders on aluminum extrusions from China, upholding its changed position on whether Rubbermaid imports are excluded from scope. "Commerce has determined on remand that all Rubbermaid merchandise at issue is excluded from the scope of the Antidumping and Countervailing Duty Orders, because Rubbermaid's mop frames and handles fall within the 'finished merchandise' exclusion and its mopping kits are covered by the exclusion for 'finished goods kits'," she wrote (slip op. 15-79).

**PLYWOOD:** CIT Judge Leo Gordon granted government's motion for summary judgment July 24 on claim against Horizon Products International, Inc., for entering plywood into U.S. under inapplicable duty-free provisions of the tariff code. Government asked for \$394,794 in unpaid duties and penalties plus equitable prejudgment interest on unpaid duties (slip op. 15-80).