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## Census Proposes Field to Track Exports of Used Electronics

As promised, the Census Bureau issued a notice of proposed rulemaking to add two fields to the Automated Export System (AES): one to track exports of used electronics and the other to deal with the splitting of shipments after export.

The proposed new field for used electronics is a “yes-no indicator” that will identify that the product being exported is a used electronic or not. The Environmental Protection Agency (EPA) has provided Census with a definition of used electronics and that definition is included in the proposed rule change, which was published in the Federal Register March 9. Comments are due by May 9.

The agency has also identified about 75 Schedule B items on the Harmonized Tariff Schedule that would be required to answer the yes-no question. These are posted as an appendix on the Census website, Omari Wooden, Census assistant director for outreach and regulations, told the Bureau of Industry and Security’s (BIS) Regulations and Procedures Technical Advisory Committee (RAPTAC) March 23.

The other new field would be identified as “Original ITN” that could be used when shipments are split after they are exported from the U.S. and after an AES record was created. It would allow exporters to report the split without triggering a sanction for filing late or producing an error report. The new field “basically says ‘Here’s what it was split from,’ so officers looking at the shipment can look at the original ITN and link it back to the original shipment,” Wooden told RAPTAC.

## BIS Tries Novel Approach in Suspending ZTE Sanctions

Just two weeks after BIS added Chinese telecommunications company ZTE Corporation and three affiliates to its Entity List, the agency is trying something new, giving the company three months grace period before sanctions could take effect. In the Federal Register March 24, BIS created a general license to “restore temporarily the status quo

ante licensing policy pertaining to exports, reexports, and transfers (in-country) to ZTE Corporation and ZTE Kangxun,” BIS said. The rule does not apply to the other two blocked entities, Beijing 8-Star and Iranian firm ZTE Parsian.

“The temporary general license is renewable if the U.S. Government determines, in its sole discretion, that ZTE Corporation and ZTE Kangxun are timely performing their undertakings to the U.S. Government and otherwise cooperating with the U.S. Government in resolving the matter,” the notice said. Commerce officials would not publicly comment on what those “undertakings” involved.

BIS added the companies March 8 (see **WTTL**, March 14, page 6). While much speculation has been made about the process, especially the quick turnabout, it’s “no more complicated than ‘we listed them, they made commitments, we removed them,’” a senior government official told **WTTL**. ZTE and BIS have been having “constructive discussions” since the listing, the official added.

The general license will expire June 30, at which point the government will revisit the policy. The administration will continue the policy as long as there is “good faith compliance” on the part of the ZTE. If not, the sanctions will “snap back,” the official said.

“ZTE has committed to, and fully expects to, fulfill all of the commitments in order to be removed permanently from the Entity List. This interim relief will enable ZTE to continue serving its major stakeholders as it works with the U.S. authorities to reach a permanent resolution. ZTE is fully committed to complying with the laws and regulations in the jurisdictions in which it operates, and will be continuing to make further contributions to global telecoms industry,” the company said in a statement March 22.

Other countries reportedly are considering their own sanctions on ZTE. For example, Japan has issued no sanctions on ZTE so far because it found no violation of Japanese law and regulations, one Japanese industry source wrote in an email to **WTTL**. “But the Japanese government is paying its attention on how it could affect Japanese industries in their compliance with the U.S. re-export regulation,” he added.

Industry members of BIS’ Regulations and Procedures Technical Advisory Committee (RAPTAC) were eager to start exporting again under the general license, questioning its exact effective time at a committee meeting March 23. “In the future, it would be helpful to pick a date and time,” one member said.

## **OFAC Adds New Sanctions on Iranian Missile Suppliers**

While touting the progress under the Joint Comprehensive Plan of Action (JCPOA), the Obama administration continued its promise to sanction Iranian entities that promote the country’s ballistic missile program. Treasury’s Office of Foreign Assets Control (OFAC) March 24 added two individuals in the United Kingdom (UK) and six companies – two each in UK, Iran and the United Arab Emirates (UAE) -- to its Specially Designated

Nationals (SDN) list for support of either the missile program and blocked Iranian airline Mahan Air. OFAC designated two subordinates of Shahid Hemmat Industrial Group (SHIG) – Shahid Nuri Industries and Shahid Movahed Industries. SHIG was listed in June 2005 as a subsidiary of Iran’s Aerospace Industries Organization (AIO) and is responsible for Iran’s liquid-fueled ballistic missile program, OFAC noted. OFAC also updated its listing for the Islamic Revolutionary Guard Corps (IRGC) Missile Command to include new aliases.

UK entities Jeffrey John James Ashfield, John Edward Meadows, Aviation Capital Solutions and Aircraft, Avionics, Parts & Support Ltd. (AAPS) were added for providing financial, material or technological support to Mahan Air. BIS issued a temporary denial order in January on Ashfield, Meadows and others to block the transfer of planes to Mahan Air. In addition, OFAC designated UAE-based Grandeur General Trading FZE and HSI Trading FZE for supporting Mahan Air.

Rep. Brad Sherman (D-Calif.) applauded the action, but urged Treasury to do more. “I have been very concerned that Mahan continues to fly to European destinations and has managed to evade our sanctions -- buying planes and obtaining spare parts and repair services,” Sherman said in a statement. Sherman grilled OFAC officials on Mahan Air in a House Foreign Affairs Committee hearing in February (see **WTTL**, Feb. 15, page 2).

House Democratic Whip Steny Hoyer (D-Md.) cited the indictment of seven Iranian hackers indicted in Manhattan U.S. District Court (see brief page 10). “Iran cannot have it both ways by signing the JCPOA and asking to be treated like a normal member of the international community while simultaneously violating UN Security Council resolutions on ballistic missile testing, sponsoring global terror, and facilitating cyber attacks” against the U.S., Hoyer said in a statement.

## **Pharmaceutical Firm Settles SEC Bribery Charges**

The question soon will be whether there are any pharmaceutical companies that do not bribe health care professionals (HCPs) to sell products, either in China or elsewhere. Add one more to the list March 23 as Swiss firm Novartis AG agreed to pay the Securities and Exchange Commission (SEC) \$25 million to settle charges that it violated the Foreign Corrupt Practices Act (FCPA) when two China-based subsidiaries engaged in pay-to-prescribe schemes to increase sales.

SciClone Pharmaceuticals agreed in February to pay a total of \$12.8 million to settle similar (see **WTTL**, Feb. 15, page 5) Four months prior, pharmaceutical company Bristol-Myers Squibb (BMS) agreed to pay more than \$14 million for the same kind of violations.

Charges involve Sandoz China in Shanghai and Novartis China in Beijing. “Employees and managers in the involved subsidiaries attempted to conceal the true nature of the transactions through the use of complicit third parties and by improperly recording the

relevant transactions on the books and records of the respective subsidiaries, which were consolidated in the financial reports of Novartis,” the SEC order noted. “The things of value took varied forms, and included gifts, travel, improper sightseeing or vacations, entertainment, and favors for families of HCPs. These things of value were improperly recorded on the general ledger as legitimate employee expenses, sponsorships, conferences, medical studies, and marketing costs,” it added.

Novartis neither admitted nor denied the findings and agreed to pay \$21.5 million in disgorgement of profits, \$1.5 million in prejudgment interest and a \$2 million penalty. The company also agreed to provide status reports for two years on its remediation and implementation of anti-corruption compliance measures, the SEC said.

## **Expanding Trade in Cuba, Argentina**

In the wake of the Obama administration’s new regulatory framework and policy toward Cuba, which allows for U.S. businesses to work directly with some aspects of the Cuban private sector, a number of U.S. businesses are diving into the Cuban marketplace.

Thirteen U.S. airline carriers have applied to provide direct flights to Havana and seven U.S. carriers have applied to provide flights to nine other Cuban international airports, Commerce announced March 21. Airbnb rental listings for authorized U.S. travelers staying in Cuban privately owned hostels have grown to more than 4,000.

Starwood Hotels and Resorts signed deals to operate luxury and business traveler-oriented hotels on the island. Marriott, which just agreed to purchase Starwood, is seeking a foothold as well. Carnival ships will begin docking in Havana, Santiago and Cienfuegos as of May 1, while competitors Royal Caribbean and Norwegian Cruise Lines Ltd. are looking for similar deals.

Stripe, an online payment processor, announced March 18 that Stripe Atlas can be used by Cuban entrepreneurs, meaning they will have access to an incorporated U.S. business, bank account and a Stripe account to receive payments. Western Union said March 21 that it will launch worldwide remittance services to Cuba.

Verizon and the Cuban telecommunications company ETECSA finalized an agreement the week prior to Obama’s visit to provide for the direct exchange of wireline voice services between Cuba and the U.S.

Following the first family’s visit to Cuba, Obama traveled to Argentina to dance a bit of tango and meet with President Mauricio Macri. During the trip, U.S. Ambassador to Argentina Noah Mamet and Argentine Foreign Affairs Minister Susana Malcorra signed a Trade and Investment Framework Agreement (TIFA). In addition, Commerce Secretary Penny Pritzker signed a Memorandum of Intent (MOI) with the Argentine Production Ministry, establishing the U.S.-Argentina Commercial Dialogue, whose goal is to strengthen economic and commercial ties between the two countries. Pritzker praised

Macri for putting Argentina's economy on the right track during his administration's first days in power. The Commerce secretary noted Argentina's recent economic struggles, including dwindling foreign exchange reserves and a budget deficit approaching 7% of GDP.

"Price freezes, import licensing requirements, and bans on the repatriation of profits were having a chilling effect on investment in Argentina and made it difficult for U.S. and other foreign companies to operate here," said Pritzker. But the Macri administration "moved quickly and in good faith to resolve the long-standing dispute with Argentina's creditors, which will allow Argentina to access global capital markets and return to the path of economic growth," she added.

Pritzker cited the lifting of capital controls, reduced export taxes on soy, and the cutting of energy subsidies to utilities by Macri's administration as positive steps toward increased trade relations with the U.S.

According to the U.S. Trade Representative's (USTR) office, two-way trade between the U.S. and Argentina reached \$23 billion in 2014; in 2015 the U.S. had a \$5.4 billion goods trade surplus with the South American country.

## **U.S., Cuba to Share Agricultural Information, Research**

While U.S. manufacturing and service companies highlighted new and proposed deals for business with Cuba, farmers and ranchers had their own success to trumpet.

While in Havana with President Obama, Agriculture Secretary Tom Vilsack announced his department will allow 22 industry-funded Research and Promotion (or "checkoff") programs and 18 Marketing Order Committees to use their resources for certain authorized research and information exchange activities with Cuba. "Industry-funded health, science, nutrition, and consumer-oriented research activities with Cuba will be permitted," a White House Fact sheet noted.

During the visit, Vilsack and Cuban Agriculture Minister Gustavo Rodriguez Rollero also signed a Memorandum of Understanding that establishes a framework for sharing ideas and research between the two countries. "The agreements we reached with our Cuban counterparts on this historic trip, and the ability for our agriculture sector leaders to communicate with Cuban businesses, will help U.S. agricultural interests better understand the Cuban market, while also providing the Cuban people with science-based information as they grow their own agriculture sector," Vilsack said in a statement.

Industry groups welcomed the announcement about checkoff funds. "Today's announcement is a big step forward in terms of expanding the Cuban marketplace for U.S. soy. The important thing to remember about checkoff funds is that they're farmer dollars--they belong to producers to do with as best they see fit to grow their industries. Because this is the farmers' money, it's only logical that we as farmers ought to be able to use it to expand

whatever markets we see as the most promising for our individual commodities,” American Soybean Association (ASA) President Richard Wilkins said in a statement.

During the president’s visit, BIS posted guidance about the timeframe for using the agriculture license exception for exports to Cuba. “Pursuant to the Trade Sanctions Reform and Export Enhancement Act of 2000, you must sign the contract within 12 months of receiving authorization from [BIS] to export agricultural commodities to Cuba. You have an additional 12 months from the signing of the contract to export the agricultural commodities to Cuba,” it said.

“Alternatively, you may sign the contract before receiving export authorization from BIS, but you are still required to obtain BIS authorization prior to exporting the agricultural commodities and must export them within 12 months of the signing of the contract,” BIS added.

“However, you are not required to sign a contract for exports to Cuba of agricultural commodities that are donated or commercial samples, but you must still obtain BIS authorization to export them and must do so within 12 months of receiving BIS authorization,” it noted.

In 2014, Cuba imported \$300 million in U.S. agricultural products. However, U.S. agricultural exports to Cuba fell 48% to \$148.9 million in 2015, the lowest since 2002, giving the U.S. just a 10% market share as Cuba’s fourth-largest agricultural supplier, behind the European Union (EU), Brazil and Argentina, USDA noted.

## **EU, U.S. Exchanged New TTIP Proposals on Regulatory Cooperation**

New textual proposals on regulatory cooperation between the European Union (EU) and U.S. were exchanged during the 12th round of Transatlantic Trade and Investment Partnership (TTIP) talks, according to a summary released March 23. Always transparent, the EU posted its proposals on regulatory cooperation and good regulatory practices online two days before.

The European Commission tabled its initial proposal on regulatory cooperation in 2015 and again in February 2016. The revised proposal better “sets priorities for cooperation, ensures regular reviews of progress and fosters cooperation in new areas,” according to the summary.

During the talks, the EU presented its approach to investment protection and investment dispute resolution. The EU and U.S. also discussed competition, customs and trade facilitation, and state-to-state dispute settlement.

With regard to market access, new texts related to agricultural and geographical indications (GIs) show fierce protection of European foods. The concept paper submitted to the U.S. has a “provision of a level of protection that prohibits the use of a GI name even when the consumer is not misled.” The concept paper calls for the provision of protection

through a short list of EU GIs covering 201 food GIs and 22 spirit names in addition to the six covered by the 1994 EU-U.S. agreement. Two and a half days of discussion were spent on public procurement following an exchange of offers, though no new texts were released. The parties concluded by agreeing to two more negotiating rounds before a summer break. European Trade Commissioner Cecilia Malmstrom told reporters following the 12th round that the EU and U.S. are eager to finalize the 24-chapter trade agreement before President Obama leaves office (see **WTTL**, March 14, page 2).

Though much of the U.S. domestic attention to trade has been focused on the Pacific, nine congressmen urged USTR Michael Froman in a letter March 21 to convince EU allies to reduce tariffs on U.S.-origin ethanol during TTIP negotiations.

“The U.S. ethanol industry has been unfairly targeted by the EU for increased duties which have subsequently eliminated U.S. share in the European market. These duties of \$83.20 per metric ton were imposed following an antidumping action, which continues to be challenged by the industry at the international level, and only serve as a punitive measure on a U.S. energy source,” the letter reads.

Two days later, Sierra Club unveiled an interactive map and accompanying report, that shows TTIP and the Trans-Pacific Partnership (TPP) would “newly empower 45 of the 50 largest corporate climate polluters to ‘sue’ governments in private tribunals over policies to keep fossil fuels in the ground.”

“The Trans-Pacific and Trans-Atlantic trade deals would hand more power to the very corporations that we are fighting as we work to protect our water, health, and climate from fracking in Pennsylvania,” said Joanne Kilgour, director of Sierra Club’s Pennsylvania chapter. TransCanada, the company behind the rejected Keystone XL pipeline, said in January it intended to invoke the bilateral investment provisions of NAFTA Chapter 11, to the tune of \$15 billion.

## **STA Users Face Less BIS Scrutiny**

While ramping up outreach to exporters to use License Exception Strategic Trade Authorization (STA), the Bureau of Industry and Security (BIS) may have learned its lesson on subjecting STA users to a high level of scrutiny. According to the agency’s annual report, it conducted reviews of 53 firms that have used STA to assure that they have complied with the conditions for its use and have the proper documentation.

With 649 exporters having used the license exception since 2011 when it became available, the chance of getting reviewed appears to be only 8%. Two years ago, when the pool of exporters was much smaller, the chance was almost 30%

According to the BIS report, which covers the period from Oct. 1, 2014, through Sept. 30, 2015, the agency’s Export Management and Compliance Division (EMCD) conducted 53 “desk reviews” of STA exporters and five on-site visits. Desk reviews are conducted at BIS

headquarters in Washington and involve the review of STA documentation that exporters send the agency in response to a request from the EMCD staff. Of the 53 desk reviews, 46 were found to be completely in compliance with STA requirements, while four were found to have minor technical errors, BIS reported. Another three exports were covered under authorizations other than STA, it noted.

It was profitable year for BIS export enforcement activities overall, according to the report. Its investigations contributed to 31 criminal convictions of individuals and businesses for export violations, as compared to 39 in FY 2014. However, those fewer convictions produced \$156,416,030 in criminal fines, more than \$84 million in forfeitures, and more than 487 months of imprisonment, compared to \$137,808,756 in criminal fines, more than \$1.3 million in forfeitures, and more than 568 months of imprisonment in FY 2014.

On the civil enforcement side, BIS completed 51 administrative cases, including four antiboycott actions, and imposed \$15,111,200 in civil penalties. This compares to 48 cases in fiscal 2014 with \$60,567,150 in civil fines. BIS also issued 365 warning letters in fiscal 2015 and ordered 242 detentions and 84 seizures.

## **New York Congressional Delegation Voices Opposition to TPP**

A bipartisan coalition of New York's congressional delegation stood in solidarity outside the Capitol March 23 to declare their opposition to the Trans-Pacific Partnership (TPP). Several of the 19 politicians characterized TPP as "NAFTA on steroids."

The New Yorkers, led by Reps. Chris Collins (R) and Louise Slaughter (D), condemned the loss of manufacturing jobs in their state, which numbered more than 370,000 since NAFTA and the World Trade Organization (WTO) agreements took effect in 1994, they wrote in a letter to President Obama. The members also criticized TPP's failure to address currency manipulation.

"In the late 1980s, New York City had 500,000 manufacturing jobs. Now since NAFTA started hitting us in 1993 we're down to well under 100,000," Jerrold Nadler (D) said at the press conference. He slammed the TPP as not being a free trade agreement, but rather a "very carefully negotiated 2,000-page agreement," crafted by "600 corporate interests at the table." Nadler predicted that many of his colleagues who voted for fast track authority would vote no on TPP.

"Given a level playing field, New York workers and businesses can compete and win in the global marketplace," the New Yorkers wrote to the president. In addition to Collins, Slaughter and Nadler, the signatories included Democrats Yvette Clarke, Eliot Engel, Brian Higgins, Hakeem Jeffries, Nita Lowey, Carolyn Maloney, Sean Patrick Maloney, Grace Meng, Jose Serrano, Paul Tonko and Nydia Velazquez; and Republicans Daniel Donovan Jr., Christopher Gibson, John Katko, Tom Reed and Lee Zeldin. Rep. Curt Clawson (R-Fla.) made a guest appearance at the press conference to plead with his own

party, which historically carries support for free trade agreements but whose members are increasingly opposed to TPP. “We just need a level playing field and if you give us that, we will compete and salaries will go up. But if you sign trade deals, Mr. President, with people that cheat on currency -and it doesn’t matter how much we print money because they peg the dollar - so if we do trade deals with currency cheaters, export subsidizers, and people who put import tariffs on their markets and expect the American worker to overcome all of that cheating, it’s not right,” the former CEO said.

By contrast, Daniel Russel, assistant secretary in State’s Bureau of East Asian and Pacific Affairs, told an audience at the Hertie School of Governance in Germany March 22, that he was “confident that the TPP will be ratified...by the end of the Obama administration.” “The Congress passed the Trade Promotion Authority, fast track authority, in full knowledge that the administration was using it to close TPP. And although there’s a certain amount of hype about it, I think it’s well understood that we would be creating a real vacuum in East Asia and damaging our credibility if we failed to follow through on that,” said Russel.

In a separate letter sent to USTR Michael Froman March 22, 19 Democratic senators, including Bob Menendez (N.J.), Elizabeth Warren (Mass.) and Minority Leader Harry Reid (Nev.), requested that the administration withhold the submission of TPP implementing legislation “unless and until Malaysia, Vietnam, and Brunei implement the legal reforms stipulated in the respective consistency plans and demonstrate a consistent track record of enforcing these new laws.”

### \* \* \* Briefs \* \* \*

TUNA: Rather than weakening “dolphin-safe” tuna import labeling rules for Mexico, National Oceanographic and Atmospheric Administration (NOAA) published new rules in Federal Register March 23 raising standards for all countries. Despite NOAA’s claim that changes bring rules into compliance with trade obligations, WTO will establish arbitration panel to rule on Mexico’s request to impose \$472.3 million in additional import duties on U.S. stemming from tuna dispute. U.S. objects to retaliatory duties. In November 2015, WTO upheld ruling that U.S. discriminated against Mexico by applying more stringent catch verification to Mexican fishermen operating in Pacific Ocean than other nations.

EX-IM FRAUD: Guillermo M. Sanchez of Cutler Bay, Fla., pleaded guilty March 21 in Miami U.S. District Court to conspiracy to commit wire fraud, wire fraud, and conspiracy to commit money laundering in scheme to defraud Export-Import Bank from 2007 through 2012. Sentencing is set for June 8. His daughter Isabel C. Sanchez, who owned Miami export company Ex-Im of America, Inc., and her husband Gustavo Giral pleaded guilty Feb. 26 in Miami federal court. Their sentencing is set for May 13. Defendants allegedly created fictitious invoices for sales of merchandise that never occurred. Co-conspirator Freddy Moreno-Beltran, Colombian national, was sentenced in same court Feb. 2 to one year and day in prison for related charges. Ricardo J. Beato, co-owner of Miami telecommunications company, was sentenced in September 2015 to one year and day in prison (see WTTL, Sept. 28, 2015, page 8). Co-owner Jorge Amad was sentenced in August to 24 months in prison.

**STEEL:** In 6-0 preliminary vote March 25, ITC found U.S. industry may be injured by allegedly dumped and subsidized imports of stainless steel sheet and strip from China.

**FCPA:** Abraham Jose Shiera Bastidas of Coral Gables, Fla., pleaded guilty March 22 in Houston U.S. District Court to conspiracy to violate Foreign Corrupt Practices Act (FCPA) and wire fraud and one count of violating the FCPA. Shiera admitted to bribing officials of Venezuela's state-owned energy company, Petroleos de Venezuela S.A. (PDVSA), to obtain and retain lucrative energy contracts. He is in custody and sentencing is set for July 8. Charges are still pending against Roberto Enrique Rincon Fernandez, U.S. lawful permanent resident in Texas. He also is in custody awaiting jury trial in April.

**DDTC:** Customs is running short-lived pilot with "half a dozen" major defense contractors to automate process of presenting DDTC licenses with import and export filing. "What we're going to do [is to] get DDTC to give us the licensing history one time, then all they will do is file in ACE the import information and in AES the export information, but they don't have to present the license," Robert Rawls from Customs & Border Protection (CBP) told BIS' Regulations and Procedures Technical Advisory Committee (RAPTAC) March 23. "We're finding a lot of challenges we didn't anticipate," Rawls said. Plan is to run pilot through end of summer then roll out nationally. Process had started in earlier in year when DDTC waived requirement for exporters to deposit permanent export licenses with CBP (see **WTTL**, Feb. 1, page 8).

**AES:** Census is "pretty much halfway through" closing out accounts on legacy Automated Export System (AES) Direct in move to ACE Single Window, Theresa Gordon, trade ombudsman at Census Bureau, told RAPTAC March 23. Filers can still view past shipments, but creating new shipments is disabled, Gordon said. Goal is to close out last group by April 25, she added.

**IRAN:** OFAC March 24 issued General License I (GL I) authorizing transactions "ordinarily incident" to entering into contracts related to export or reexport of commercial passenger aircraft to Iran "provided that the performance of any such contract is made expressly contingent upon the issuance" of specific OFAC license. Such "contingent contracts" include "executory contracts, executory pro forma invoices, agreements in principle, executory offers capable of acceptance such as bids or proposals in response to public tenders, binding memoranda of understanding, or any other similar agreement," OFAC said.

**SANCTIONS:** Indictment against Iranian-Turkish national Reza Zarrab was unsealed March 21 in Manhattan U.S. District Court. Zarrab and Iranian citizens Camelia Jamshidy and Hossein Najafzadeh were charged with violating U.S. Iran sanctions by conducting international financial transactions on behalf of Iranian government and other blocked entities, including Bank Mellat, between 2010 and 2015. Zarrab was arrested March 19 and appeared in Miami federal court March 21, while other two defendants are at large.

**HACKING:** Federal indictment against seven Iranians working for Iranian computer companies ITSecTeam and Mersad Company was unsealed March 24 in Manhattan U.S. District Court. Ahmad Fathi, Hamid Firoozi, Amin Shokohi, Sadegh Ahmadzadegan, Omid Ghaffarinia, Sina Keissar and Nader Saedi were charged with launching distributed denial of service attacks on 46 victims, including U.S. banking websites, between late 2011 and mid-2013. Companies were sponsored by Iran's Islamic Revolutionary Guard Corps, indictment noted.

**MORE HACKING:** Chinese national Su Bin pleaded guilty March 23 in Santa Ana, Calif., U.S. District Court to computer fraud and violating Arms Export Control Act by conspiring to hack into computer networks of major U.S. defense contractors, including Boeing. Su also admitted to

stealing technical data listed on U.S. Munitions List and sending stolen data to China. Sentencing is set for July 13.

NEPAL: USTR in Federal Register March 28 is requesting comments on Nepal's eligibility for preferential treatment for certain articles under AGOA and GSP benefit programs. In addition to specific criteria for each program, president must determine "that these articles are not import sensitive in the context of imports from Nepal." Articles are listed in Trade Facilitation and Trade Enforcement Act of 2015 that Congress passed in June 2015. Comments are due April 27.

BELARUS: Belarus expects to join WTO in next two to three years, Belarusian official Valery Kolesnik told Sputnik news agency March 22. "There was a moment when our negotiations slowed down a little bit, but we are seeing their activation and we expect to complete this process in a reasonable time... The time frame is two to three years, maybe," Kolesnik said. WTO and Belarus reactivated consultations in fall 2015 following Kazakhstan's accession in July 2015. WTO established working party on Belarus' accession in 1993.

TURKEY: Deputy USTR Michael Punke requested "further transparency with regard to Turkey's adoption of investment incentives and technical measures" and information related to agricultural sector, he said March 15 at WTO trade policy review of Turkey. Punke also criticized Turkey's intellectual property rights protection and antidumping investigation of U.S. cotton exports. Punke concluded by noting the U.S.' "deep disappointment" with Turkey's failure to meet WTO notification requirements.

EXPORT CONTROL REFORM: Coalition for Security and Competitiveness (CSC) sent letter March 25 to President Obama applauding progress to date on reform effort and laying out priorities for next phase. Group urged completion of ongoing efforts on category changes, definition harmonization, single IT system and single portal, and license processing times. CSC also applauded decision to renegotiate Wassenaar controls on cybersecurity items (see **WTTL**, March 7, page 1). Additional reforms include comprehensive licensing framework covering technology sharing with friends and allies, intra-company transfer license, simplified and recalibrated encryption controls and "program license" model for commercial technologies.

ASIA SOCIETY: Asia Society Policy Institute (ASPI) announced March 20 formation of Policy Commission to "examine current trade architecture in the Asia-Pacific." Chairing new group is former Acting Deputy USTR Wendy Cutler. Rounding out commission are: Choi Seokyoung, former Korean ambassador to WTO; Gregory Domingo, former Philippine trade secretary; Peter Grey, former Australian ambassador to Japan and to WTO; Shotaro Oshima, former WTO appellate body member; and Mari Elka Pangestu, former Indonesian trade minister. Commission members are reviewing current agreements in region with aim of completing their work prior to 28th Asia-Pacific Economic Cooperation (APEC) gathering in Peru in November.