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## Charge! First U.S. Credit Card Produced for Cuban Use

In a nod to the power of the pocketbook, Stonegate Bank, based in Pompano Beach, Fla., June 14 issued the first MasterCard credit card for use in Cuba. “This has been a work in process over the last nine months. Hopefully, more U.S. banks will allow their customers to use their cards in Cuba, thus helping to alleviate the burden on travelers to the island,” Dave Seleski, Stonegate president and CEO, said in a statement.

The Stonegate Bank credit card can be used at point of sale terminals at any of Cuba’s 10,000 hotels, restaurants and other card-accepting merchants, according to the bank’s website. “Before visiting, however, you will need to sign a document certifying that you are traveling under one of the 12 categories authorized by U.S. regulations, including religious and professional purposes,” it said.

“In addition to personal credit cards we will also be issuing corporate, purchasing, payroll and prepaid cards within the next 30 days. I am very excited to introduce these products which I believe will benefit our corporate clients and provide a meaningful diversified income stream to the Bank,” Seleski added.

Stonegate began offering a debit MasterCard card for use in Cuba in November 2015. MasterCard said in January 2015 that it will let cardholders use their cards in Cuba after March 1 that year (see **WTTL**, Feb. 16, 2015, page 1). Treasury regulations allow authorized travelers to use debit or credit cards, but do not require financial institutions or credit card companies to accept, maintain or facilitate authorized financial relationships or transactions, according to FAQs posted on the department website.

## Census Drafting Final Rule on Used Electronics Indicator

Despite concerns from industry, Census is moving toward a final rule implementing a “yes-no indicator” for exports of used electronics in the Automated Export System (AES). The field originally was requested by the Environmental Protection Agency (EPA) to track

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U.S. items that could be destined for landfills in foreign countries. “We’ve been working with EPA, and I think we have come to a good agreement, that I think will meet our needs, and it will help you all in the reporting requirements of it,” 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) June 14. The final rule will be published in the “fall, if not early winter,” Wooden said.

Census received 16 comments to the March proposed rule (see **WTTL**, March 28, page 1). “The biggest questions were the definition and really the implementation, in case you have a situation where you have domestic and foreign, domestic and used, foreign and used – dealing with those different combinations,” Wooden noted.

At the meeting, RAPTAC members questioned how broadly the definition of used electronics could be interpreted. “If it’s still in the original package, it’s considered new. Anything after that, it’s considered used. So if it’s refurbished, if something’s been done to it, I think by the definition, that is considered a used item,” Wooden responded, seeming to justify the industry’s concern.

Members also wondered about the volume of “meaningless” data that this indicator will generate and the burden on industry. “It’s going to flood their data with meaningless data; it’s going to be nonsensical. My guess is 70-90% of the stuff that’s being exported is not destined for a landfill or anything like that. They’re going to just create a massive database of meaningless data,” one member noted.

## **Export Agencies Take Small Step Toward Single Application Form**

In what might seem like low-hanging fruit, export control officials took a step toward a single licensing form: the launch of a single landing page with links to BIS, State’s Directorate of Defense Trade Controls (DDTC) or Treasury’s Office of Foreign Assets Control (OFAC).

Now called the Single Trade Application and Reporting System (STARS), the page, which launched on [export.gov](http://export.gov) at the end of May, directs users whose export requires a license to either State’s DTrade, OASIS if it’s OFAC, or BIS’ SNAP-R. Gerry Horner, director of BIS Office of Technology Evaluation told his agency’s Regulations and Procedures Technical Advisory Committee (RAPTAC) meeting June 14.

Targeted at new exporters who are just getting started, the page also features several links to the BIS and DDTC order of review, as well as commodity jurisdiction information, he added. The second phase will be a single process that would have new rules for processing the licensing application. Officials have not decided on which platform the application process will live. “The main thing right now is defining the scope,” he added.

While officials had previously hoped to launch a single form by the end of the Obama administration, exporters will not see anything this calendar year, Horner noted (see **WTTL**, March 21, page 1). “We’ll be lucky if it gets a lot of movement in a year,” he said.

Right now, an internal working group is working on the consolidated process flow, as well as on the consolidation of all the data elements, to get a common data model, Horner said. “We’ve started reaching out to the service providers and software providers, because we really want this new system to be batch transmission driven. [That means] less people coming in and doing hands-on keying on to a particular portal,” Horner noted. The agencies are also working on a draft notice of inquiry to get general comments on the whole initiative.

## Senators Push to Stop Imports Made with Forced Labor

Senate Finance Committee Ranking Member Ron Wyden (D-Ore.) and Sen. Sherrod Brown (D-Ohio) hoped a meeting June 14 with officials of Customs and Border Protection (CBP), Labor and Immigration and Customs Enforcement (ICE), along with advocacy groups, will end the importation of goods produced with forced labor.

CBP has issued three orders to detain specific products made by forced labor since President Obama signed the Trade Facilitation and Trade Enforcement Act of 2015, also known as the customs bill, in February. The bill included the senators’ amendment closing an exemption that allows the import of these products if there is not sufficient supply to meet domestic demand.

“To improve collaboration, the Senators are requesting greater transparency in the petitioning process so petitions are acknowledged and petitioners are informed of whether an investigation will be launched. They would also like CBP to act within its authority and self-initiate investigations when they have reason to believe a product has been made with forced labor,” said the two senators in a joint statement.

Most recently, CBP issued a withhold release order June 1 against stevia extracts and their derivatives produced by PureCircle Ltd in China. Previous orders detained potassium, potassium hydroxide and potassium nitrate imports, as well as soda ash, calcium chloride, caustic soda and viscose/rayon fiber imported from Chinese companies (see **WTTL**, April 18, page 8).

## Agriculture Trade Numbers Stir FTA Debate

While pro-trade members of Congress try to promote free trade agreements (FTAs) as beneficial for the U.S. agriculture industry, the Agriculture Department’s (USDA) latest forecast brought complaints from traditionally anti-trade groups. According to the latest numbers, the U.S. agricultural trade surplus is forecast at \$9.7 billion in fiscal year (FY) 2016, down from \$25.7 billion in FY2015 and the lowest since FY2006, USDA noted.

Exports are forecast at \$124.5 billion, \$15.2 billion below FY2015. At the same time, the forecast for U.S. agricultural imports of \$114.8 billion is “a record high” and \$800 million above FY2015, the department noted. Anti-trade advocacy groups jumped on those numbers. “Most U.S. food imports come from FTA countries, while most U.S. food exports

are not sold in FTA countries. This counterintuitive outcome is the opposite of what FTA proponents have promised U.S. farmers and ranchers. *In 2015, the 20 U.S. FTA partners were the source of 72 percent of all U.S. food imports, but were the destination of just 38 percent of all U.S. food exports* (measuring by volume),” Public Citizen wrote June 14 in a blog post.

That same day, the House Ways and Means trade subcommittee held a hearing on expanding U.S. agriculture trade. “Trade agreements are an effective tool to lower these barriers and open markets for America’s agriculture exports. Even though we just implemented the Colombia and Korea free trade agreements a few years ago, U.S. agricultural exporters to those countries are already seeing triple-digit percentage growth for some products,” subcommittee chair Dave Reichert (R-Wash.) said in his prepared opening remarks.

However, according to USDA numbers, agricultural exports to South Korea totaled \$6.4 billion in FY 2015 and are forecast to be \$5.2 billion in FY 2016, while exports to Colombia are forecast to be \$2.3 billion in FY 2016, down from \$2.595 billion the year before.

“America’s trade agreements are performing very poorly for farmers and ranchers. Witnesses in yesterday’s Ways and Means Committee hearing on agricultural trade missed an opportunity to discuss why our trade performance is worsening even as we have more trade deals than ever,” said Michael Stumo, CEO of the Coalition for a Prosperous America, in a statement.

## Senate Appropriations Committee Approves Cuba Amendments

Ever the optimists, the Senate Appropriations Committee June 16 overwhelmingly voted to include four amendments easing Cuba trade and travel in the fiscal year (FY) 2017 Financial Services & General Government appropriations bill. Whether the amendments will see the light of day and signed into law is another question, as some version of each has been passed by committee over the last two years since President Obama normalized relations in December 2014.

One amendment, which was brought by Sens. John Boozman (R-Ark.) and Jon Tester (D-Mont.) and would allow American farmers to extend private financing for the export of agricultural commodities to Cuba, passed by a vote of 22-8. Three others were passed by voice vote, including an amendment offered by Sens. Patrick Leahy (D-Vt.) and Jerry Moran (R-Kans.) to end the Cuba travel ban.

Also passed by voice vote were those offered by Sen. Tom Udall (D-N.M.) to allow for the exportation of telecommunication services and another, sponsored by Sen. Susan Collins (R-Maine), allowing the refueling of planes at Bangor Airport for international flights en route to or from Cuba. These amendments were passed just a week after the Transportation Department approved scheduled commercial flights from the U.S. to the island (see **WTTL**, June 13, page 1). The day of the vote, the American Soybean Association (ASA) and the U.S. Agriculture Coalition for Cuba (USACC) urged the committee

to pass the Boozman-Tester amendment specifically. “While TSRA [Trade Sanctions Reform Act of 2000] opened the channel for shipping agricultural commodities and food products to Cuba, restrictions on financing those sales have made it difficult to compete with our foreign competitors in the Cuban market,” the groups wrote.

“As legislation is considered during the remainder of this Congress, we urge you to reject any language that would reverse any of the critical progress we’ve made toward a more productive relationship with Cuba,” they said. The letter cited the drop in U.S. net farm income in 2015, which was “the biggest two-year decline since the 1920s farm crisis,” it said (see related story, page 3). “Providing American farmers and agribusinesses with the tools they need to engage in mutually beneficial commerce with Cuba can contribute to U.S. agriculture’s economic growth,” the groups wrote.

Other industry groups also applauded the amendments’ passing. “The success of these amendments proves there is growing bipartisan support for changing our obsolete policy toward Cuba. More and more Members of Congress are realizing how unfair it is to deny Americans the right to freely travel to Cuba and to block American farmers and companies from doing business there,” said Steven Law, Engage Cuba senior advisor and former chief of staff to Sen. Mitch McConnell (R-Ky.), in a statement.

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

EXPORT ENFORCEMENT: Amin al-Baroudi, Syrian-born naturalized U.S. citizen, was sentenced June 10 in Alexandria, Va., U.S. District Court to 32 months in prison for conspiring to export U.S.-origin tactical equipment, including sniper rifle scopes, night vision rifle scopes, night vision goggles, laser bore sighters, speed loaders and bulletproof vests, to Syria from December 2011 through March 2013. He pleaded guilty in January (see **WTTL**, Jan. 25, page 11).

MORE EXPORT ENFORCEMENT: Amin Yu of Orlando, Fla., pleaded guilty June 10 in Orlando U.S. District Court to committing unlawful export information activities and other offenses related to illegal export of systems and components to China for use by former colleagues at state-run Harbin Engineering University (HEU) from 2002 through February 2014. Indictment against was unsealed April 21 (see **WTTL**, April 25, page 8). Parts were used in development of marine submersible vehicles. Specifically, Yu allegedly undervalued items on export documents and also provided false end-user information for those items. Sentencing is set for Aug. 29.

EVEN MORE EXPORT ENFORCMENT: Asim Fareed formally pleaded guilty June 14 in Scranton, Pa. U.S. District Court to conspiracy to provide false statements in connection to illegal export of goods, including pressure aging vessel and bending beam rheometer, to Iran. He had agreed to enter guilty plea May 17. Fareed, VP of Compass Logistics International, “attempted to ship and export goods and services from the United States while providing false and fraudulent invoices, thereby causing shippers to fail to file and file false and misleading SED and AES information,” criminal information noted.

STILL MORE EXPORT ENFORCEMENT: Erdal Kuyumcu of Woodside, N.Y., CEO of Global Metallurgy and naturalized U.S. citizen from Turkey, pleaded guilty June 14 in Brooklyn U.S. District Court to conspiracy to violate IEEPA for illegally exporting cobalt-nickel metallic powder to Iran through intermediary in Turkey in 2013. He was arrested in March and was released on \$250,000 bond (see **WTTL**, March 7, page 12). Sentencing is set for Oct. 21.

AES: Development of AES to decrement value of shipments against approved BIS licenses will be finished in July, according to Gerry Horner, director of BIS Office of Technology Evaluation. Exceeding approved levels would not force fatal error, but simply trigger 'verify' warning, he told BIS Regulations and Procedures Technical Advisory Committee (RAPTAC) meeting June 14. Under EAR Section 750.11, shipments can exceed approved levels by 10%. No word on deployment date yet, Horner told WTTL in email. BIS announced development in November (see **WTTL**, Nov. 9, 2015, page 10).

NLR: Effective Oct. 1, 2016, BIS will remove license type C32, No License Required (NLR), from Automated Export System (AES), Census wrote in email broadcast June 9. As result, C33 will be only license type in AES designating NLR shipment. Changes to License Type C32 designated Electronic Export Information (EEI) will be accepted in AES for 180 days (6 months) after effective date, Census wrote. "This change is being made as a result of several requests from industry to simplify the NLR reporting in AES. The change also reduces the confusion associated with having two NLR license types," agency wrote.

ALLOY MAGNESIUM: In 5-0 "sunset" vote June 16, ITC said revoking antidumping duty order on alloy magnesium from China would renew injury to U.S. industry. Vice Chairman Dean A. Pinkert did not participate in this review.

FCPA: Roberto Enrique Rincon Fernandez, U.S. lawful permanent resident in Texas, pleaded guilty June 16 in Houston U.S. District Court to conspiracy to violate Foreign Corrupt Practices Act (FCPA), making false statements on his 2010 federal income tax return and violating FCPA. Rincon 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 awaiting sentencing on Sept. 30. Abraham Jose Shiera Bastidas of Coral Gables, Fla., pleaded guilty in March (see **WTTL**, March 28, page 10). He is also in custody and sentencing is set for July 8.

SOFTWOOD LUMBER: After 100 days, U.S. and Canada "have made significant advances in exploring the key issues and priorities" on softwood lumber, USTR Michael Froman and Canadian Trade Minister Chrystia Freeland said in joint statement June 17. "While significant differences remain between us, this period of intensive engagement has helped define shared goals and explore options for several key components of any new agreement," they wrote. Trade ministers were ordered by respective leaders to "intensively explore all options" after meeting in March (see **WTTL**, March 14, page 3). Bilateral agreement between two countries expired in October 2015.

TPP: Industry groups aren't giving up on TPP vote this year. In letter June 16, Business Roundtable, National Association of Manufacturers and U.S. Chamber of Commerce urged President Obama and House and Senate leadership to "redouble efforts and forge a path forward to approve the TPP this year." U.S. "is already losing opportunities and market share where we have failed to put in place our own trade agreements that reflect our own high standards, and we will continue to fall further behind without the TPP," groups wrote.

ECR: "Possibly," BIS Deputy Assistant Secretary Matt Borman told agency's RAPTAC June 14, when asked whether entire control lists will be restructured by end of administration. "That is still the goal, but as you know, the clock is running," Borman said. BIS and DDTC officials had previously committed to reviewing entire list before end of term (see **WTTL**, April 25, page 2).