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NewsNotes

SOCIETY FOR INTERNATIONAL AFFAIRS, INC.

Notes From the President

Debi Davis, TRW, Inc., SIA President

SIA would like to thank the Spring Conference Directors, Sharon Cornnor-Jackson of The Boeing Company and Joyce Remington of Marconi, and all of their volunteers for a job well done. The 1999 SIA Spring Conferences were staged in a back-to-back Beginner's and Intermediate format. The setting was Las Vegas, NV, which proved to be quite popular. One hundred eighty-four people attended the Beginner's conference and 327 attended the Intermediate conference. The success of the SIA conferences is completely dependent upon the commitment and efforts of the volunteers and the Spring Conference volunteers did an outstanding job.

Unfortunately, the conference site was not able to accommodate all those who wanted to attend. With the increasing popularity of these conferences, SIA has been actively examining the issue of choosing facilities which can accommodate larger numbers of attendees. Watch the SIA Web site for information about the upcoming Basics Conference in July and the Fall Advanced Conference in November.

MISSION STATEMENT
Society for International Affairs

To educate the export community on all aspects of technology transfer by providing a forum for exchange of information on the export and import process.

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Change In Commercial Communication Satellite Jurisdiction

As of March 15, 1999, the control of all spacecraft (excluding the NASA International Space Station), including all satellites, and all spacecraft technical data, as well as all components, accessories, attachments, and related technical assistance, including, without exception, all launch support activities (e.g., technical data provided to the launch provider on form, fit, function, mass, electrical, mechanical, dynamic, environmental, telemetry, safety, facility, launch pad access, and launch parameters, as well as interfaces for mating and parameters for launch) were transferred from the Commerce Department back to the State Department. This means that all items that were previously covered by the Export Administration Regulations (EAR) are now subject to the International Traffic in Arms Regulations (ITAR) and will require a State Department license prior to export. (Note that any items which were the subject of any Commerce issued license or were on applications pending at Commerce prior to March 15, 1999, may be shipped under the Commerce regulations. ■

(A summary of the Federal Register Notice can be found in this edition of NewsNotes.*)*

Export Controls Compliance: Don't Neglect OFAC (Part 2)

Office of Foreign Assets Control, Department of Treasury

OFAC Compliance Tips

Both BXA and ODTC recommend procedures and guidelines to incorporate into an export compliance program. Some of these procedures and guidelines are unique to the requirements of the applicable primary licensing regime (e.g., EAR or ITAR). Many others, however, are interchangeable, common sense measures that apply generally to export compliance (e.g., know your customer guidelines). They apply in the context of OFAC compliance as well. Below are some suggested tips that can specifically increase the effectiveness of the OFAC aspect of a comprehensive export compliance program. While these measures are not mandatory, their effective implementation will reduce significantly the risk of violations, and serve as mitigating factors where inadvertent violations do occur.

■ **Make sanctions compliance an integral part of your export compliance efforts.** Don't treat OFAC compliance as an afterthought. If anything, OFAC screening should be an initial and

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SIA Communications Director: Stuart M. Quigg, Q International Group. SIA *NewsNotes* Editor: Lisa Caplinger, Litton Systems, Inc.

integral step in any export transaction, and should occur at each stage of a transaction where the identity of an additional party involved in an export becomes known (e.g., bank, insurance company, freight forwarder, etc.), as well as at any stage when screening for other concerns takes place (e.g., ODTC debarred parties, BXA denied persons and entities, etc.).

▪ **Screen all transactions against sanctioned destinations (including cities located within sanctioned countries) and the SDN list.** It is recommended that relevant operational areas of every company receive, at a minimum, a listing of sanctioned countries and continuously updated SDN lists. There is no short-cut to screening *all* parties involved in export transactions against this list, including your customer, consignees, banks, insurance providers, and freight forwarders. If your company has the resources and a significant exposure to possible sanctioned entities due to a large volume of exports, you may consider installing name-recognition software to automatically screen transaction information, including all parties involved in a particular export, for SDNs and geographical references to targeted countries. Some corporations have created their own computer programs and others have purchased the software from private vendors.

▪ **Make sure your sanctions information is up-to-date.** SDNs are frequently added and sometimes removed on an unscheduled basis due to ongoing investigations and foreign policy or national security objectives, which are influenced by world events. These quick and unscheduled changes necessitate vigilance in maintaining a current SDN listing, as what was permitted yesterday may be prohibited or restricted today, and vice versa.

▪ **Take steps to prevent unauthorized diversions.** Many types of exports require destination control statements and other assurances against diversion. Even where a particular transaction does not require such assurances, it is always advisable to take positive steps to ensure that customers and consignees do not retransfer or divert goods to sanctions targets. This is especially important where the foreign customer is an agent or distributor and there is a risk that U.S. goods will be reexported in the normal course of business to a sanctioned country. To avoid potential complicity, U.S. exporters may wish to consider imposing contractual provisions and obtaining appropriate assurances that goods will not be diverted in a manner contrary to U.S. sanctions laws and regulations.

▪ **Take full advantage of OFAC compliance resources.** OFAC devotes considerable effort to compliance outreach, and has published an extensive library of reference materials, including publications geared toward the specific concerns of exporters and importers, summaries of each sanctions program, and the up-to-date SDN list. These materials are available free of charge through OFAC's Web site, its fax-on-demand service, and through a variety of electronic resources.

OFAC Information Retrieval:

All of OFAC's public information documents are updated whenever there is a change to an existing program, or when a new program is announced. Although OFAC does not maintain a mailing list, a one time "starter kit" of essential OFAC information can be sent to a company when it is in the initial stages of developing or incorporating OFAC compliance procedures into its existing export controls. It is strongly recommended that your corporation stay current on OFAC sanctions programs by utilizing some of the following user-friendly electronic resources:

▪ **World Wide Web Home Page on the Internet**— All of OFAC's program "brochures," as well as SDN information, are available free in downloadable camera-ready Adobe Acrobat PDF format over the Treasury Department's World Wide Web Server. At the top of the home page, the date of OFAC's last change is displayed and a "What's New" file summarizes the latest sanctions developments. Access is also provided to statutes, United Nations resolutions, Executive Orders, actual *Federal Register* notices, and the entire *Code of Federal Regulations* dealing with OFAC. OFAC's Home Page site is www.treas.gov/ofac.

▪ **OFAC Fax-on-demand Service**—OFAC operates a free automated fax-on-demand service, which can be accessed 24 hours a day, seven days a week, by dialing 202-622-0077 from any touch tone phone and following voice prompts. The Index lists all of the documents OFAC makes available by fax, and indicates the date each document was last updated.

▪ **U.S. Treasury's Electronic Library (TEL)**—The Treasury Department maintains a free "electronic library" called "TEL" on the FedWorld bulletin board network. FedWorld is a service of the National Technical Information Service (NTIS). It can be reached 24 hours a day, 7 days a week, using standard communications software and a modem by dialing 703-321-3339.

▪ **U.S. Government Printing Office's The Federal Bulletin Board**—The U.S. Government Printing Office operates a free bulletin board called "The Federal Bulletin Board" which can be accessed 24 hours a day, 7 days per week, by direct dialing 202-512-1387 from a modem using any communications software and using the Internet to connect to www.fedbbs.access.gpo.gov.

▪ **U.S. Commerce's Economic Bulletin Board (EBB)**—The U.S. Department of Commerce operates an electronic bulletin board (the EBB) which can be reached by dialing from a modem using any communications software 202-482-3870 (for 2400bps connections), 202-482-2584 (for 9600bps connections), or 202-482-2167 (for 14,400bps connections).

▪ **U.S. Commerce's STAT-USA/FAX**—The U.S. Department of Commerce operates an automated fax-on-demand service that includes OFAC data. Users need only call 202-482-0005 from a fax machine's handset 24 hours a day, 7 days a week.

▪ **U.S. Commerce's National Trade Data Bank (NTDB)**—The U.S. Department of Commerce operates a CD-ROM service providing a massive amount of international trade information on a monthly basis to small and medium sized companies. There is a nominal charge for a subscription. The CD-ROM service is also available free of charge at Commerce offices nationwide as well as nearly 1,000 Federal depository libraries. OFAC data is in fully searchable ASCII format. For information, call 202-482-1986.

▪ **U.S. Maritime Administration's Marlinespike Bulletin Board System**—The U.S. Maritime Administration's Web site at www.marad.dot.gov contains a special link to OFAC's brochures and information, including a flashing indicator of latest updates.

▪ **U.S. Customs Service's Customs Electronic Bulletin Board**—The U.S. Customs Service maintains a free Customs Electronic Bulletin Board geared especially toward Customs House Brokers. OFAC's information is available as a date-specific self-extracting DOS file ("OFAC*.EXE" in File Area #15, "Customs Extra!"). Modem access is at 703-440-6155 with voice system support at 703-440-6236.

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EXPORT CONTROLS COMPLIANCE *from page 2*

OFAC Compliance Hotline:

OFAC cannot require your company to establish any internal OFAC-related compliance procedures, but the potential damage to national security, the substantial civil and criminal penalties, as well as the associated negative publicity resulting from a company's violation of U.S. sanctions, should alert you to the importance of incorporating OFAC in your company's existing compliance program. If your company has any questions regarding OFAC-administered sanctions programs, OFAC compliance, or questions about specific trade transactions (past, present, or future); please call OFAC's Compliance Hotline at 202-622-2490. Compliance Officers are available to help you on weekdays from 7:30 a.m. to 6:00 p.m. eastern time. Calls to the hotline are strictly confidential. Due to pressing time constraints and resources, written confirmations of hotline advice is not usually provided, but OFAC recommends that your company keep records of hotline conversations. OFAC also has a Miami branch office (909 Southeast First Avenue, Suite 735A) with a special bi-lingual hotline relating to information on the Cuban embargo, which can be reached at 305-536-6769.

If you have questions regarding this article or OFAC regulations, you may contact Mr. John Pisa-Relli in Compliance at the Office of Foreign Assets Control. Mr. Pisa-Relli may be reached by telephone at 202-622-6988 or fax at 202-622-1657. ■

Note From the Editor: The preceding article was submitted to SIA by the Office of Foreign Assets Control. Due to the length of the article, it has been printed in two parts. Part 1 (January/February 1999 *NewsNotes*) covered the regulations and their requirements and Part 2 (March/April 1999 *NewsNotes*) includes practical suggestions and resources to use for successful compliance with those regulations.

Federal Register Notice

VOLUME: 64, No. 58 DATE: March 26, 1999
EXPORT ADMINISTRATION REGULATIONS
SUBJECT: Entity List: Addition of Russian Entities; and Revisions to Certain Indian and Pakistani Entities.
DEPARTMENT OF COMMERCE
Bureau of Export Administration
15 CFR Part 744
Entity List: Addition of Russian Entities; and Revisions to Certain Indian and Pakistani Entities
AGENCY: Bureau of Export Administration, Commerce.
ACTION: Final rule.
SUMMARY: The Export Administration Regulations (EAR) provide that the Bureau of Export Administration (BXA) may inform exporters, individually or through amendment to the EAR, that a license is required for exports or reexports to certain entities. The EAR contains a list of such entities. This rule adds to the entity list three Russian entities. Exports or reexports of all items subject to the EAR to these newly added entities now require a license, and applications will be reviewed with a presumption of denial.
EFFECTIVE DATE: This rule is effective March 26, 1999.
FOR FURTHER INFORMATION CONTACT: Eileen M. Albanese, Office of Exporter Services, Bureau of Export Administration, Telephone: 202-482-0436.
(The complete text of this Federal Register Notice can be found on the BXA Web site.)

Federal Register Notice

VOLUME: 64, No. 54 DATE: March 22, 1999
BUREAU OF POLITICAL-MILITARY AFFAIRS
SUBJECT: Amendments to the International Traffic in Arms Regulations (ITAR): Control of Commercial Communications Satellites on the United States Munitions List.
ACTION: Final rule.
SUMMARY: This rule amends the International Traffic in Arms Regulations (ITAR) by re-designating on the U.S. Munitions List (USML) commercial communications satellites.
DEPARTMENT OF STATE
22 CFR Parts 121 and 124 [Public Notice 3011]
Amendments to the International Traffic in Arms Regulations (ITAR): Control of Commercial Communications Satellites on the United States Munitions List
EFFECTIVE DATE: March 15, 1999.
FOR FURTHER INFORMATION CONTACT: William J. Lowell, Director, Office of Defense Trade Controls, Bureau of Political-Military Affairs, Department of State, Telephone 703-812-2564 or FAX 703-875-6647 ATTN: Regulatory Change, Commercial Communications Satellites.
(The complete text of this notice can be found in the Federal Register Volume: 64, No. 54, Date: March 22, 1999)

Federal Register Notice

VOLUME: 64, No. 51 DATE: March 18, 1999
EXPORT ADMINISTRATION REGULATIONS
SUBJECT: Removal of Commercial Communications Satellites and Related Items from the Department of Commerce's Commerce Control List for Retransfer to the Department of State's United States Munitions List.
DEPARTMENT OF COMMERCE
Bureau of Export Administration
15 CFR parts 734, 740, 742, 752, 772, and 774.
Removal of Commercial Communications Satellites and Related Items from the Department of Commerce's Commerce Control List for Retransfer to the Department of State's United States Munitions List.
ACTION: Final rule.
SUMMARY: The Bureau of Export Administration (BXA) is amending the Export Administration Regulations (EAR) by removing commercial communications satellites and related items from the Commerce Control List (CCL) and retransferring these items to the United States Munitions List (USML). This regulation shall not apply to any export license issued by the Department of Commerce before March 15, 1999, or to any export license application filed under the Export Administration Regulations on or before March 14, 1999, and subsequently issued by the Department of Commerce.
DATES: This rule is effective March 15, 1999.
FOR FURTHER INFORMATION CONTACT: James A. Lewis, Office of Strategic Trade and Foreign Policy Controls, Bureau of Export Administration, Telephone: 202-482-4196.
(The complete text of this Federal Register Notice can be found on the BXA Web site.)

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