



Defense Trade News

and Export Policy Bulletin

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Secretary of State
Warren Christopher

**Assistant Secretary
of State for
Political-Military
Affairs**
Robert L. Gallucci

**Deputy Assistant
Secretary for
Export Controls**
Martha Caldwell Harris

Executive Editor
Philip S. Kosnett

**Managing and
Production Editor**
Nadia L. Brown

Contributing Editors
Commodity Jurisdiction:
Thomas A. Denner

Defense Trade Advisory
Group: Linda Lum

Layout Design
Paula M. Lorfano

Graphics Design
Richard E. Florence

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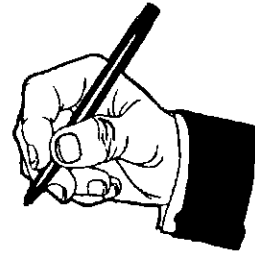
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Editor's Note



Welcome to the second issue of the revamped *Defense Trade News and Export Policy Bulletin*. This issue's feature articles highlight U.S. Government initiatives in response to two key trends in the export control environment — the post-Cold War shift in focus from the Soviet threat to the dangers of regional arms proliferation, and the rapid technological and marketplace evolution in encryption, telecommunications, and computing. The back of the book contains practical information for exporters.

Please send in your Feedback form to let us know how *Defense Trade News and Export Policy Bulletin* can better serve your needs. ♦

DTC Has Not Moved...

...but it does have a new address. Due to security upgrades at the State Department Annex housing the Office of Defense Trade Controls, **the public access and courier delivery address has changed from 1701 N. Fort Myer Drive to 1700 Lynn Street.** The mailing address is unchanged. See the inside rear cover of this issue for a list of addresses and phone/fax numbers.

COCOM: An End and a Beginning

End of the Cold War Brings Changes to Multilateral Export Controls

On March 30, 1994, the White House released the following statement on export control reform.

Today the President announced another step in U.S. efforts to reform the export control system. From the outset, this Administration has been committed to combatting the proliferation of dangerous weapons and sensitive technologies, while at the same time ensuring that American workers and firms remain the most competitive in the world.

Our policies seek to balance these goals. As global technology advances, export controls must be updated, in order to remain focused on those items that still make a difference to programs of proliferation concern. To promote U.S. economic growth, democratization abroad, and international stability, we actively seek expanded trade and technology exchange with nations, including former adversaries, that abide by global nonproliferation norms.

Export Liberalization

As of April 1, 1994, we will liberalize licensing requirements on the export of nearly all civilian telecommunications equipment and computers that operate up to 1000 MTOPS (million theoretical operations per second) to civil end-users in all current COCOM-controlled countries except North Korea.

This action is consistent with our national security requirements, because we are retaining individual licensing requirements for high-end computers and for transfers to

military end-users. We are not changing our nonproliferation controls, which require a license for any export that would contribute to a program of proliferation concern.

Last year, the Commerce Department received approximately 25,000 export license applications. With these and other changes announced by this Administration, it is expected that the number will be cut by nearly half. When this Administration came into office, certain basic personal computers, such as IBM PCs and Apple Macintoshes, were still being controlled. Last September, we took the first step to liberalize licensing requirements for over \$30 billion worth of computer exports.

National Security and Nonproliferation

Today's decision is compatible with our national security and nonproliferation objectives. By liberalizing licensing requirements on items that routinely are granted licenses, we will concentrate our export control efforts on denying technologies that still make a difference to the development of dangerous arms. Most of the items currently controlled by the United States will remain subject to licensing requirements, including dual use goods and technologies controlled due to their use in chemical, biological, nuclear, advanced conventional weapons and missile delivery systems.

The members of COCOM have agreed to end the Cold War regime effective tomorrow. The end of the Cold War and the disintegration of the Soviet Union and the Warsaw Pact led us and our allies to the view that COCOM's strategic rationale was no longer tenable.

In its stead, the COCOM members agreed to work together toward a new, more broadly-based arrangement designed to enhance transparency and restraint in transfers of conventional weapons and sophisticated technologies to countries whose behavior is cause for serious concern and to regions of potential instability. The new arrangement will thus have a completely different purpose than COCOM. It will seek to put in place multilateral approaches to controls aimed at the threats we face today. We hope that Russia will become a founding member of the new regime. We are working to achieve this.

While the specific procedures of the new regime are still being developed, COCOM member governments have agreed to main-

tain the capability after April 1 to control on a national basis, to any destination, items previously contained on the COCOM lists (industrial, military, and atomic energy) while new control lists and arrangements are being finalized.

As we look ahead, there is much work to be done with other governments. We must continue to work to establish a regime to control sensitive exports to countries of concern and to regions of potential instability. Here at home, we will work with the Congress to pass an Export Administration Act that brings the export control system in line with the new challenges we face to our national security and economic competitiveness. ♦

A Brief History of COCOM

45 Years of Multilateral Cooperation

The Coordinating Committee for Multilateral Export Controls (COCOM) was established in 1949 to facilitate multilateral cooperation to control strategic goods and technology. Its 17 members were Australia, Belgium, Canada, Denmark, France, Germany, Greece, Italy, Japan, Luxembourg, Netherlands, Norway, Portugal, Spain, Turkey, the U.K. and the U.S.

COCOM was not based on a treaty or executive agreement; it operated instead by informal agreement and according to the rule of unanimity. A COCOM secretariat was located in Paris, with member countries represented by permanent delegates.

Members cooperated in publishing national control lists of embargoed equipment (dual-use, atomic energy use, and direct military use) and enacting effective export control systems; considering proposed exports of specific embargoed items from member countries to proscribed countries; and

harmonizing national licensing practices for strategic exports and coordinating export control enforcement activities.

In June 1992, COCOM members decided to establish a COCOM Cooperation Forum on Export Controls and to invite the former Soviet republics to participate. The Forum's first meeting was held in Paris in November 1992, with representatives from all Eastern European democracies, the Baltic states, and all but three of the former Soviet republics attending. It was concluded that trade in sensitive goods and technologies could be significantly liberalized, as the reforming countries introduced and developed adequate export controls. COCOM members undertook to provide technical assistance to help establish control systems through both bilateral contacts and multilateral meetings.

Today, Russia and other formerly proscribed countries are viewed not as potential adversaries but as potential allies in combatting the proliferation of sensitive technology. ♦

Licensing Cyberspace

Evolving Policies on Encryption Technology

On February 4 Dr. Martha Caldwell Harris, Deputy Assistant Secretary of State for Export Controls, made the following statement regarding new Administration policies on the export licensing of encryption technologies:

The Secretary of State is announcing today measures arising from the Administration's decision to reform export control procedures applicable to products incorporating encryption technology. These reforms are part of the Administration's effort to eliminate unnecessary controls and ensure efficient implementation.

The reforms will simplify encryption product export licensing and speed the review of encryption product exports, thus helping U.S. manufacturers to compete more effectively in the global market. While there will be no changes in the types of equipment controlled by the Munitions List, we are announcing measures to expedite licensing.

Presidential Initiative

Last year the President announced an initiative to encourage U.S. manufacturers and users of encryption to take advantage of a government technology (the key-escrow chip) that provides excellent security while ensuring that the Government has a means to decode the encryption when lawfully authorized, such as when executing a court-authorized warrant in connection with a criminal investigation.

At the time he announced this initiative, the President directed a comprehensive review of U.S. policy regarding domestic use and export of encryption technology. The reforms we are announcing today result from that review.

The President has determined that vital U.S. national security and law enforcement interests compel maintaining appropriate control of encryption. Still, there is much that can be done to reform existing controls to ensure that they are efficiently implemented and to maintain U.S. leadership in the world market for encryption technology.

Immediate Action

Accordingly, the President has asked the Secretary of State to take immediate action to implement a number of procedural reforms. The reforms are:

- **License reform.** Under new licensing arrangements, encryption manufacturers will be able to ship their products from the United States directly to customers within approved regions without obtaining individual licenses for each end user. This will improve the ability of our manufacturers to provide expedited delivery of products, and to reduce shipping and tracking costs. It should also reduce the number of individual license requests, especially for small businesses that cannot afford international distributors.
- **Rapid review of export license applications.** A significant number of encryption export license applications can be reviewed more quickly. For such exports, we have set a license turnaround goal of two working days.

- **Personal use exemption.** We will no longer require that U. S. citizens obtain an export license prior to taking encryption products out of the U.S. temporarily for their own personal use. In the past, this requirement caused delays and inconvenience for business travellers.

- **Allowing exports of key-escrow encryption:** After initial review, key-escrow encryption products may now be exported to most end users. Additionally, key-escrow products will qualify for special licensing arrangements.

Cooperation with Industry

These reforms should have the effect of minimizing the impact of export controls on U.S. industry. The Department of State will take all appropriate actions to ensure that these reforms are implemented as quickly as possible. The Secretary of State asks that encryption product manufacturers evaluate the impact of these reforms over the next year and provide feedback both on how the reforms have worked out and on recommendations for additional procedural reforms. ♦

ROBB Users — Remember to Log Off

Users of DTC's Remote On-Line Bulletin Board (ROBB) should be sure to go through the full log-off procedure when done, not just "quit" the system. Users who fail to go through the log-off sequence may be exposing some of their licensing data (specifically, case numbers) to other ROBB users who log on subsequently. Questions on log-off procedures should be directed to DTC's Computer Support Staff at (703) 875-6650.

Lean Times Ahead for FMF

US Government Budget for Foreign Military Financing Shrinks

Broad Mandate

The U.S. has long used foreign assistance to promote political stability, democratization, and market economy throughout the world. The post-Cold War world system continues to provide numerous challenges in which foreign assistance can be a vital tool.

The President has defined six fundamental foreign policy goals against which decisions on the allocation of foreign assistance resources are to be measured:

- Promoting U.S. Prosperity through Trade, Investment, and Employment
- Building Democracy
- Promoting Sustainable Development
- Promoting Peace
- Providing Humanitarian Assistance
- Advancing Diplomacy

Shrinking Budgets...

Budgets for key foreign assistance programs — Foreign Military Financing (FMF), Economic Support Fund (ESF), and International Military Education & Training (IMET) — continue to decrease. The combined budget for FMF, ESF, and IMET has shrunk since Fiscal Year '91 by about one third, or \$2.5 billion.

FMF in FY 94 sustained a 10% reduction from the previous budget, for a cut of nearly \$1 billion since FY 91. There is no indication this trend will reverse in FY 95. Adding to the crunch is the rescission of nearly \$550 million of previous years' uncommitted aid, including \$91 million from FMF.

Plus Reduced Flexibility...

The decrease in the overall foreign assistance budget has not been matched by a decrease in Congressionally-mandated earmarks, with the result that earmarks accounted for 98% of grant FMF in FY 94.

Increased U.S. commitments to peacekeeping operations have also consumed a growing share of assistance funds, with correspondingly less available for discretionary spending. After earmarks, commitments, and treaty obligations are subtracted, \$25 million remains in the budget to fund discretionary FMF programs worldwide.

...Equals Fewer Programs

As a result of funding cuts in FY 92-94, 45 country programs spanning every geographic region have been dropped. FMF spending cuts have extended to counternarcotics programs, requiring reduction in assistance to South American and Caribbean nations cooperating with the U.S.

The assistance budget cuts are also felt in the U.S. With the exception of some funds earmarked by Congress for expenditure in Israel, almost all FMF aid is spent in the U.S., to the benefit of American industry.

New Challenges, New Alternatives

Budgetary constraints have forced the U.S. to seek alternative and innovative ways to continue to assist friendly nations, notably the Excess Defense Article (EDA) program, under which U.S. forces' excess hardware is provided to allies and friends. Inevitably, however, some former recipients of U.S. foreign assistance will reach out to other suppliers, government or commercial, to fill the gap. ♦

A New Chief for Defense Trade

An Interview with Deputy Assistant Secretary Martha Caldwell Harris

Within the Bureau of Political-Military Affairs, the senior official responsible for export control is Deputy Assistant Secretary Martha Caldwell Harris. Since taking her Ph.D. in Political Science at the University of Wisconsin, Dr. Harris has held a number of academic and government positions "at the intersection of national security and international competitiveness." She conducted a number of studies on strategic trade issues during more than seven years at the Congressional Office of Technology Assessment. More recently, at the National Research Council, her work focused on issues in U.S./Japan trade and technology transfer. Dr. Harris spoke with Defense Trade News and Export Policy Bulletin about current trends in the export control environment.

Multi-Front Engagement

Dr. Harris listed four broad areas in which she is engaged: policy development on dual use and defense export controls; licensing and compliance issues; industry and public relations; and internal management.

Policy Development

Dr. Harris assumed her new duties at a time of rapid shifting in the export control environment due to the end of the Cold War and the imminent dissolution of the COCOM regime. "Just in the last few months, the focus has changed. Some ask why, with no unified threat, we even need export controls. But we've gone from an East/West confrontation to a world with many proliferation threats and many sources of instability.

"There has been dramatic change in the past year," she added. "The world is a more complicated place. Information flows rapidly.

Even developing countries are increasingly able to afford high technologies which could improve their military capabilities."

In developing U.S. aims for the post-Cold War export control environment, Dr. Harris emphasized the need to "develop an international security policy framework, then determine where our export control goals fit into the framework."

Licensing and Compliance

"You'd expect this to be fairly routine, right?" Actually, noted Dr. Harris, while licensing procedures are generally straightforward, a small percentage of the 50,000+ cases which State processes each year do reach her desk. "The ones I see either present tough choices, or somehow push the envelope."

Does that mean individual cases drive export policy? "No. Cases will not be emblematic of a whole new approach. They don't create a policy framework. Cases will, however, highlight the gaps in the policy framework" that need to be adjusted to the realities of actual commerce.

Dr. Harris added that PM is putting increasing effort into compliance issues, including investigation of tech transfer violations, but "we need better interaction with industry and other governments" to tighten enforcement.

Industry Relations

"We need to hear what industry has to say" about both policy and operational licensing issues, she emphasized. Dr. Harris noted that she frequently hears laudatory comments from "companies on the front line" about State's Office of Defense Trade Controls and Office of Export Control Policy. "Over time,

a professional and cooperative relationship has developed, which I attribute in large part to the professionalism of the people at DTC."

Does that mean State is improving? "It's difficult to know how good a sample you're getting. There's a lot of positive feedback from big companies, but I haven't had as much opportunity to hear from smaller companies, and we need to be sensitive to their needs." Dr. Harris emphasized the need for companies to provide feedback on such matters as regulatory modifications. "It has to be a two-way street."

What of criticism that State has been slow to adjust the export control regime to the realities of technological development? Is State building roadblocks on the information superhighway? "In fact, we've liberalized quite a lot lately, particularly on dual use [equipment]," she said, referring to the Administration's liberalization of telecommunications and computer export standards.

"We hear broad complaints, but we need to hear specifics so we can examine our decisions. For example, I hear criticism about the Commodity Jurisdiction procedure [being too restrictive], but few concrete complaints about CJ rulings." Moreover, "we have an active [interagency] process underway to eliminate some of these restrictions."

Dr. Harris acknowledged the existence of "irritants" in licensing operations and the policy development process. "Companies are concerned not only with processing time, but also with the clarity of policy guidelines" they need to judge whether to devote resources to potential export markets.

Dr. Harris rejected any notion that State is less sensitive to the needs of American industry than agencies focused on commercial matters. While the Arms Export Control Act directs that licensing decisions are to be made on national security and foreign policy grounds, it does not prohibit taking into account economic or commercial interests in a reasonable manner. "Prosperity is a factor in national

security, and while we cannot allow commercial concerns to overpower the other interests we need to balance, neither should we ignore" the well-being of U.S. firms. One sign of State's concern, she added, is the growing emphasis on commercial work at our embassies.

And how does Dr. Harris rate the Defense Trade Advisory Group, the Department's official link to the defense industry? "DTAG is very active. I've worked with advisory groups at several other agencies, and DTAG is a good example of how the relationship should work. I would like to see more frequent interaction [than the semiannual plenary] — more frequent meetings, to break down big questions into manageable problems and come up with solutions.

"DTAG is also helpful in clarifying to the public that State's not just limiting defense exports; we're also working to facilitate legitimate sales. We recognize the importance of arms exports for legitimate goals, such as improving interoperability with allied forces and supporting regional stability."

Internal Management

In keeping with the National Performance Review, State is working to make the export control process "more customer-friendly and efficient," Dr. Harris noted. One result has been the reinvention of the former Office of Defense Trade Policy as the Office of Export Control Policy, which absorbed COCOM staff formerly assigned to the Bureau of Economic and Business Affairs.

"Before, the COCOM staff, working in a dual-use context, had little to do with PM. That might have made sense in the old world; after all, we weren't selling arms to COCOM-proscribed countries. Now we have brought together the expertise to work military and dual use issues in a more integrated way." ♦

OPERATIONS

National Disclosure Policy

A Primer on the Process

Many people have observed that the process surrounding the National Disclosure Policy (NDP) and the actions of the National Disclosure Policy Committee (NDPC) appear opaque and rather mysterious. This article is meant to make both the policy and the process more understandable.

What is the NDP?

The NDP establishes a framework for approval or denial of proposed disclosures of classified information to foreign governments and some international organizations. Information controlled under NDP includes eight categories of information on subjects as diverse as military intelligence, military organization, and training, as well as information required for operation and maintenance of military materials and munitions sold to foreign countries.

The NDP establishes specific criteria and conditions which must be satisfied before a decision is made to release classified military information to foreign governments. These criteria and conditions satisfy, in part, the security requirements of the Arms Export Control Act and Executive Order 12356. Approval or denial is based on a determination of whether these specific criteria and conditions are satisfied.

The Secretaries of the military departments have generally been delegated authority to render decisions, with respect to disclosure of information controlled by their departments, to the governments of countries with which

the United States has mutual defense arrangements. In cases where authority has not been delegated, an exception to NDP is needed. Requests for exception are considered by the National Disclosure Policy Committee.

What is the NDP Committee?

The NDPC is chaired by a Defense Department representative and includes representatives of each military service, the State Department, and other agencies. A small secretariat is based at the Pentagon.

The Exception Process

Often U.S. firms encounter the NDP when an export license application dealing with the release of a classified defense article is denied on NDP grounds.

A request for exception to NDP must be sponsored by an NDPC member, normally the cognizant military service — that is, the service which operates or “owns” the system. For example, the Air Force would normally sponsor the F-16, the Navy the F/A-18, and the Army the Apache helicopter. State or other NDPC members may sponsor a request for exception, but this is generally impractical as only the cognizant service will have the technical expertise to make a credible case. Once a member agrees to sponsor a request for exception, the sponsor submits the request to the secretariat, which staffs the proposal to the NDPC members. Members normally must vote within 10 working days, or justify the delay.

Exception Criteria

NDPC members determining whether to sponsor or approve an exception judge requests according to the following criteria:

- **The proposed disclosure must support U.S. foreign policy objectives toward both the recipient country and the region.**
- **The proposed disclosure must have no unacceptable military security implications.** The key consideration is the impact a compromise or diversion of the system or technology would have on the operational capability of U.S. and allied forces. This determination takes into account system capability and vulnerability, foreign availability of the same or similar systems and technology, and the susceptibility of the system to exploitation.
- **The recipient must have the capability and intent to protect the system.** The U.S. Government determines capability through on-site security visits, intelligence risk assessments, and other means. Intent is established by the negotiation of detailed security agreements with recipient governments. If there is no security agreement, a program-specific security arrangement may be negotiated.
- **The proposed disclosure must result in clearly-defined political, military or other national security benefit to the U. S.** Economic/commercial benefits to the U.S. are not currently exception criteria.
- **The disclosure must be limited to the minimum information necessary to satisfy the U.S. Government goals outlined above.**

Information must not be divulged that would assist the recipient in the design and development of an indigenous system — unless, of course, that is the U.S. Government's intention in permitting the disclosure, e.g., to enhance an ally's defense industrial base.

Determination and Appeal

If NDPC members split on whether to permit a disclosure, the Committee chairman renders a "Chairman's Decision." Dissenting NDPC members can appeal this ruling to the Secretary of Defense.

If the NDPC achieves unanimity — or if there is a disagreement, but the members in the minority choose not to appeal — the Chairman releases a formal "Record of Action" on the determination. Decisions rendered by the Secretary of Defense or his deputy are recorded in the same manner.

Efforts to Improve the System

The NDP process is important to the protection of U.S. classified material. State and DoD recognize, however, that industry has experienced difficulties with this process. All agencies involved are working to improve the NDP process.

Suggestions or questions on National Disclosure Policy should be directed to the Office of Export Control Policy. ♦

DTC Registrants — New Address? New Boss? Let Us Know

Of course, all subscribers need to notify us of a change of address to continue to receive the magazine. But for those recipients of *Defense Trade News* registered with the Department of State as manufacturers or exporters, there is another important reason to keep in touch — registrants are **required by law** to notify State's Office of Defense Trade Controls of any change of address or change in the name of the registrant entered in Block 14 of Registration Form DSP-9. For details, consult ITAR §122.4 or contact the Registration Staff at FAX: (703) 875-5663.

Perestroika at PM

A Guide to the Restructured Bureau of Political-Military Affairs

This snapshot guide to the Bureau of Political-Military Affairs (PM, in State Departmentese) is aimed at business people and others who work with PM offices but may not be familiar with the Bureau's overall structure and responsibilities.

The Bureau of Political-Military Affairs recently underwent a reorganization aimed at improving policy and operational efficiency, absorbing some elements previously attached to other State bureaus.

Some PM offices were given modified responsibilities, and most were given new names reflective of these evolving missions. For example, the former Office of Defense Trade Policy became the Office of Export Control Policy, following augmentation with officers transferred from the Bureau of Economic & Business Affairs.

Mission

The Bureau furthers U.S. national security objectives by stabilizing regional military balances through negotiation and security assistance; negotiating reductions in global inventories of weapons of mass destruction and curbing their proliferation; maintaining global access for U.S. military forces; inhibiting adversaries' access to militarily significant technologies; and promoting responsible U.S. defense trade.

Organization

PM's 270 Foreign Service, Civil Service, and military personnel are supervised by four Deputy Assistant Secretaries, who — together with several Ambassadors-at-Large — report to Assistant Secretary of State for Political-Military Affairs Robert L. Gallucci. The Bureau's work is divided into four functions:

Arms Control

The **Ambassador for Safe and Secure Dismantlement** leads the State Department effort in negotiating and implementing agreements for assistance to Russia, Ukraine, Belarus, and Kazakhstan for the safe and secure dismantlement of nuclear weapons.

The **Office of Strategic Policy and Negotiations** supports the development of U.S. policy on Comprehensive Test Ban Treaty negotiations; safe and secure dismantlement; strategic arms negotiations; ballistic missile defense policy; arms control and security negotiations in Europe; and multilateral arms control.

The **Office of Arms Control Implementation** provides political-military technical expertise related to compliance with and implementation of arms control agreements.

The **Nuclear Risk Reduction Center (NRRC)** operates 24-hour government-to-government communications links ("hotlines") in support of arms control and security agreements with former Soviet republics and member states of the Conference on Security and Cooperation in Europe.

Export Controls

The **Office of Defense Trade Controls**, the Bureau's largest element, issues export licenses to U.S. firms and enforces compliance with the Arms Export Control Act and the International Traffic in Arms Regulations.

The **Office of Export Control Policy** sets policy guidelines for commercial defense trade and high technology exports, and provides guidance to embassies on assistance to U.S. defense industry marketing efforts overseas.

Nonproliferation

The **U.S. Representative to the International Atomic Energy Agency** serves as Ambassador to this multilateral organization, tasked with strengthening the international nuclear nonproliferation regime and advancing peaceful nuclear cooperation.

The **Office of the Senior Coordinator** directs the development of U.S. policies and activities in two areas — establishing centers in the former Soviet Union to engage scientists and engineers in peaceful science and technology activities, and coordinating U.S. Government technical assistance to former Soviet, Eastern European, and Central European countries to improve the safety of nuclear power reactors.

The dual mission of the **Office of Nuclear Energy Affairs** is to strengthen the international nuclear nonproliferation regime, while advancing peaceful nuclear cooperation with those states which have accepted binding international commitments to nuclear nonproliferation.

The **Office of Regional Nonproliferation** works to prevent and reverse the proliferation of weapons of mass destruction and their means of delivery. Among its activities, the office provides operational and intelligence support to the U.N. Special Commission on Iraq and the International Atomic Energy Agency.

The mission of the **Office of Chemical, Biological, and Missile Nonproliferation** is to fight the proliferation of weapons of mass destruction and the systems capable of delivering them. It leads U.S. efforts in such multilateral fora as the Missile Technology Control Regime, and works with the Office of Defense Trade Controls to regulate trade in missile technology.

Regional Security

The **Ambassador-at-Large for Burdensharing** works to ensure a more balanced sharing of defense costs by U.S. allies.

The **Office of Defense Relations and Security Assistance** manages bilateral political-military relations and negotiates agreements on access, prepositioning, and basing of U.S. forces overseas. The office also manages State's statutory responsibilities for security assistance programs and Foreign Military Sales (FMS) arms transfers.

The **Office of International Security and Peacekeeping Operations** serves as State's primary operational point of liaison with the Defense Department, the National Security Council, and U.S. embassies during crises, military exercises, and operations abroad. The office provides coordination and support for a growing number of humanitarian assistance programs, such as airdrops to Bosnia.

The **Office of Policy and Plans** conducts long-range policy planning with an emphasis on the scope of our future security commitments, prepares crisis response options, and supports development of the policy framework for peacekeeping, regional arms control, and confidence-building initiatives.

Administration, Liaison, Detachments

The Bureau includes an administrative unit known as the **Office of the Executive Director** and a small **Congressional/Public Affairs** staff. Also carried on the Bureau's rolls are State officers serving rotational tours outside the Department — as **State-Defense Exchange Officers** at the Pentagon, and **Political Advisors** on the staffs of senior U.S. military commanders. ♦



Bureau of Political-Military Affairs Department of State

Assistant Secretary
Robert L. Gallucci

McNamara

Ambassador for
Safe and Secure
Dismantlement

U.S. Representative to
the IAEA

Senior Coordinator

Ambassador for
Burden-sharing

Principal Deputy
Assistant Secretary &
DAS, Arms Control
Thomas E. McNamara

Deputy
Assistant Secretary,
Export Controls
Martha C. Harris

Deputy
Assistant Secretary,
Non-Proliferation
Robert J. Einhorn

Deputy
Assistant Secretary,
Regional Security
Frances D. Cook

Office of Strategic
Policy and
Negotiations
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ELSA Speeds Staffing

State's Export License Staffing Analysis Network Cuts License Processing Time

In recent years the Office of Defense Trade Controls (DTC) has developed several automated systems to speed license processing and provide more timely information to the public. These include the in-house information management system known as DETAS, the automated telephone inquiry system ALISS, the electronic bulletin board ROBB, and the new electronic licensing application system ELLIE.

March 1994 saw the introduction of State's latest export licensing support system — ELSA, the *Export License Staffing Analysis* network. ELSA is a PC-based net which

links DTC to the State Department regional bureaus and functional bureaus which review many license applications on foreign policy grounds.

Before ELSA, DTC staffed applications to other State offices by forwarding hard copies of applications via inter-office mail. With quick electronic communication via ELSA, the Department hopes to achieve quicker turnaround on staffed cases while reducing instances of strayed documents and human processing error.

Unlike ALISS, ROBB, and ELLIE, ELSA won't communicate directly with U.S. industry. But she will be serving it. ♦

SARP Update

State Appeals Review Process Gets Underway

The Office of Defense Trade Controls has begun the State Appeals Review Process (SARP) described in the January 1994 issue of *Defense Trade News*. Procedures and guidelines are being fine-tuned as we proceed.

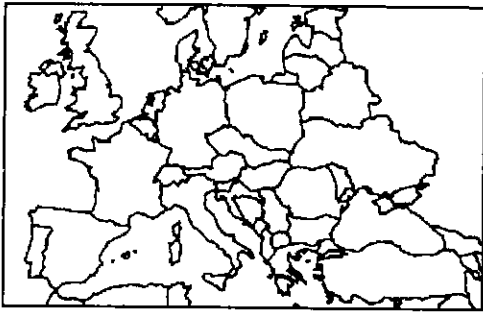
No Detour Around the Day-in-Court

Applications for which the Department of Defense has recommended denial based on national security concerns will not be eligible

for the SARP if an applicant has been offered, and has declined, a DoD Day-in-Court hearing. An applicant who has made his case at a Day-in-Court without obtaining a reversal of the DoD position may request a SARP hearing, but only if the applicant has substantial new information to introduce. In such cases, DTC will invite DoD to participate.

Questions and suggestions on the State Appeals Review Process should be directed to the Licensing Division of the Office of Defense Trade Controls. ♦

DEPARTMENTS



Country Policy Briefs

Central and Eastern Europe

On January 5, 1994, President Clinton announced his finding that the furnishing of defense articles and services to the governments of the **Czech Republic** and the **Slovak Republic** will strengthen the security of the U.S. and promote world peace. On March 22, the President announced the same finding regarding the governments of **Albania, Bulgaria, Estonia, Latvia, Lithuania, and Romania**. The State Department will henceforth consider applications for the export of U.S. Munitions List articles and services to these governments on a case-by-case basis.

Vietnam

On February 4, 1994, President Clinton announced that the trade embargo imposed with respect to Vietnam in 1975 is being removed. This action, however, did not extend to trade in U.S. Munitions List articles. The State Department continues to return without action all applications for licences to export USML hardware, technical data, or services to Vietnam.

Former Yugoslavia

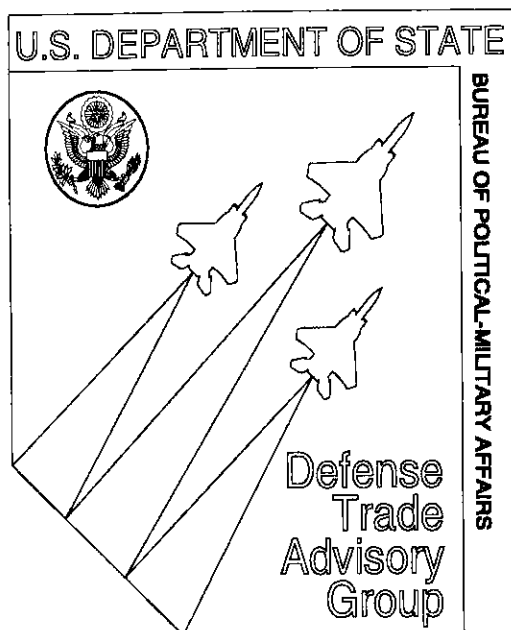
On July 11, 1991, the United States declared an embargo on exports of U.S. Munitions List articles and services to the former Yugoslavia, suspending all existing licenses. This embargo remains in force, applying to **Bosnia-Herzegovina, Croatia, the Former Yugoslav Republic of Macedonia, Serbia-Montenegro, and Slovenia**. ♦

Subsidiaries —

Don't Forget Your Parents

Subsidiaries sometimes submit applications to the Office of Defense Trade Controls (DTC) using a parent company's registration code but not the parent company's name. This delays processing while DTC verifies the subsidiary's status. To avoid this problem, subsidiaries should identify the parent company in the **Applicant** box of applications, e.g.:

ABC Company
A Subsidiary of XYZ, Inc.
1234 Elm Street
Anytown, CA 99999



DTAG Developments

The Defense Trade Advisory Group (DTAG) convened its semi-annual plenary session on March 17, 1994 at the Department of State. Highlights from the session:

The Policy Framework

In his opening address, Assistant Secretary for Political-Military Affairs Robert L. Gallucci outlined the broad foreign policy context for U.S. export controls:

- Supporting reform in Russia is a top U.S. priority.
- The success of the Middle East peace process will determine whether the region will be stable and whether certain nations will be a threat to their neighbors and to the U.S.
- North Korea's attempts to acquire nuclear capability threaten the entire Pacific region.

- While China is potentially a lucrative market, it is also a major arms supplier and presents human rights concerns.

- The Partnership for Peace provides flexibility to meet Europe's long-term security needs, preserving the traditional U.S.-NATO military alliances while allowing us to broaden security ties with other European countries.

Presidential Directives

Mr. Gallucci described four Presidential Decision Directives (PDDs) shaping policy on arms transfers and export controls. PDD-8 calls for strengthening nonproliferation regimes. PDD-23 announces a liberalized remote sensing satellite policy. PDD-27 maintains State's role in controlling encryption exports to safeguard national security, while streamlining encryption licensing. Finally, the Administration is preparing PDD-41 on U.S. conventional arms transfer policy. Goals include enhancing transparency, encouraging restraint in conventional arms sales, and supporting defense conversion.

Balancing Exports & Nonproliferation

Deputy Assistant Secretary for Export Controls Martha Harris opened her keynote address by saying the President has placed the nonproliferation of weapons of mass destruction and advanced conventional weapons on the international security agenda. The Administration is striving to reduce the supply of these arms to countries of concern such as North Korea, Iran, Iraq, and Libya.

Dr. Harris reiterated State's commitment to support U.S. firms facing hardship in the shrinking global defense market, stating that State will take economic considerations into account in licensing decisions. She described PM initiatives to better assist industry, including the centralization of dual-use and defense

export control policy management in the Office of Export Control Policy; the implementation by the Office of Defense Trade Controls of expedited license review, electronic license application, and the State Appeals Review Process; and the continuing revision of the International Traffic in Arms Regulations.

Country Policies

Dr. Harris noted continuing concern over China's commitment to human rights and non-proliferation. Taking questions, she said that proposed recipients' human rights records are factored into licensing decisions; that the U.S. is working to limit the spread of weapons of mass destruction in South Asia; and that the U.S. hoped that free and fair elections in South Africa would allow the U.N. embargo to be lifted.

Working Group Reports

DTAG officers outlined their accomplishments since the October 1993 plenary and their projects for 1994. In 1993 the Policy Working Group submitted recommendations on U.S. conventional arms transfer policy and U.S. arms transfer policy towards Taiwan, and proposed State/DOD collaboration on preparation of a comprehensive foreign availability database and identification of technological means to mitigate the consequences of unauthorized transfers.

New issues for the Policy Working Group include U.S. arms transfer policy towards Latin America and South Africa; consideration of cooperative theater missile defense development, production, and deployment as a policy instrument; amendment of unfair tax treatment of defense exports; participation by U.S. firms in Soviet bloc equipment upgrades; and clarification of U.S. policies on arms transfers to multilateral entities.

The Regulatory Working Group has submitted recommendations on the State Appeals Review Process, Commodity Jurisdiction issues, and third country transfers. It has task forces devoted to the Missile Technology Control Regime, licensing automation, review of the International Traffic in Arms Regulations, and compliance issues. The Technical Working Group continues to focus on jet engine hot sections, satellites, and encryption policy.

Background Briefings

Clifford Bond, Deputy Director for Regional Economic Assistance, Office of Independent States and Commonwealth Affairs, discussed the Russian economy. State planning and centralization have been abolished, trade liberalized, and foreign investment encouraged. The defense sector no longer controls resource allocation. To bring about a full market economy, the government must diffuse economic power to the provinces, create a social safety net, and become more involved in building up selected industrial sectors. Elsewhere, Ukraine is suffering economically. Kazakhstan, Kyrgyzstan, and Moldova also face financial hardships, but are proceeding with economic reforms.

Ed Malloy, Director of State's Office of Science, Technology, and Health, described the rapid development of U.S./Russian space cooperation. Although some in the Russian government feel Russia is sacrificing too much Soviet technology, many more favor increased cooperation. The U.S. and Russia are cooperating on missile nonproliferation, a technical safeguard agreement for INMARSAT, and the space station partnership. Meanwhile, Kazakhstan and the Ukraine want to broaden space collaboration with the United States.

(Continued on page 27)

U.S. Customs Report



Customs and the Revised ITAR

Most of the revisions to the International Traffic in Arms Regulations (ITAR) which took effect July 22, 1993, had minimal effect on the import and export procedures of the U.S. Customs Service. The new ITAR exemptions from licensing requirements do change some of the documentation required by Customs for exports and temporary imports.

Certify Exemptions

Exporters are cautioned that they must claim an exemption from licensing requirements for defense articles by certifying on the Shippers Export Declaration (SED) the ITAR citation under which the exemption is allowed. The certification is a declaration that all the conditions of the exemption are met.

Customs regulations allow for filing most SEDs with the complete manifest up to four days after outbound clearance of a vessel. Most general cargo carriers take advantage of this procedure. SEDs for all defense articles listed in the ITAR must be filed with Customs before the shipment is exported. This includes SEDs for exports fitting within the new ITAR exemption provisions.

File Documents On Time

The exporter must assure timely delivery of SEDs to Customs. Delivery of documentation by the exporter to an agent or forwarder is not sufficient. The exporter is still in violation if a SED is not received by Customs prior to export.

A certification for exemption from the requirement for a temporary import license for defense articles must be listed on Customs entry documents at the time of import. The entry number on which the exemption was claimed and the regulatory citation for the exemption are required on the SED when the merchandise is exported. The annotated SED must be provided to Customs prior to the actual export.

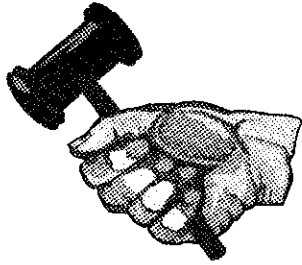
Maintain Records

The exporter needs to maintain a complete record of the Customs import entry numbers and documentation to assure the export requirements can be met. Many Customs brokers do not routinely include the entry number in documentation returned to the importer. The importer/exporter may need to take extra steps to assure the information is available at the time of export.

The best advice Customs can offer to avoid a delay in shipments of defense articles is to get documentation to Customs early to provide adequate time for review and verification. The exporter/importer is the party responsible for providing accurate and complete information. A deficiency caused by an agent or freight forwarder acting for the company does not alleviate the liability of the exporter or importer.

Any Questions?

U.S. Customs has a policy of promoting informed compliance with all laws and regulations within Customs jurisdiction. If you have questions about import and export procedures and requirements, please call your local Customs office. ♦



Suspensions, Debarments, Reinstatements

Japan Aviation Electronics Industry, Ltd., Japan (JAE)

Effective March 25, 1994, Japan Aviation Electronics Industry, Ltd., Japan (JAE) had export/retransfer privileges reinstated pursuant to Section 38(g)(4) of the Arms Export Control Act (AECA) and Section 127.11 of the International Traffic in Arms Regulations (ITAR). JAE may once again participate in the export or retransfer of defense articles or defense services subject to Section 38 of the AECA and the ITAR.

Notice of this reinstatement was published in the *Federal Register* (April 7, 1994, No. 67, Page 16681-2, Public Notice 1980).

Rexon Technology Corporation

Gary D. Kauf

Jerome S. Shafir

James A. Bittel

Ronald L. Laib

Ordnance Technologies Ltd. (ORDTEC)

John Paul Grecian

Bryan Mason

On February 24, 1994, Assistant Secretary Robert L. Gallucci, Bureau of Political-Military Affairs, suspended all existing licenses and other approvals (including all activities under manufacturing license and technical assistance agreements) granted pursuant to

Section 38 of the AECA that authorized the export or transfer of defense articles or services by, for, or to Rexon Technology Corporation, New Jersey; Gary D. Kauf (president of Rexon); Jerome S. Shafir (employee of Rexon); James A. Bittel (employee of Rexon); Ronald L. Laib (former employee of Rexon); Ordnance Technologies Ltd., a.k.a. ORDTEC, United Kingdom; John Paul Grecian and Bryan Mason, United Kingdom; and any of their subsidiaries, associated companies or successor entities.

In addition, it shall be the policy of the Department of State to deny all export license applications and other requests for approval involving, directly or indirectly, Rexon Technology Corporation; Gary D. Kauf; Jerome S. Shafir; James A. Bittel; Ronald L. Laib; Ordnance Technologies Ltd., a.k.a. ORDTEC; John Paul Grecian; Bryan Mason, and any of their subsidiaries, associated companies or successor entities. Also, these persons are precluded from using any exemptions from license or other approval included in the ITAR.

Notice of this suspension was published in the *Federal Register* (April 7, 1994, Vol. 59, No. 67, Page 16682-3, Public Notice 1981).

Armour of America

On December 31, 1992, pursuant to Section 38 of the AECA, the Department of State in Public Notice 1753 suspended all existing licenses and other approvals that authorized export or transfer of defense articles or services by, for, or to Armour of America, Inc. (Armour) and any of its subsidiaries or associated companies, and Arthur G. Schreiber, President of Armour. (See 58 *Federal Register* 4450, January 14, 1993.)

On September 20, 1993, Ms. Glenda Joyce Tucker, a former employee of Armour, pled guilty to the illegal export of defense articles in violation of Section 38 of the AECA and the

ITAR, and aiding and abetting in violation 18 U.S.C. § 2(b); making false statements within the jurisdiction of the United States in violation of 18 U.S.C. §1001; and bank fraud in violation of 18 U.S.C. §1344. Ms. Tucker is currently statutorily debarred pursuant to 22 C.F.R. §127.7(c) of the ITAR. (See 59 *Federal Register* 1053, January 7, 1994.)

As a result of a Deferred Prosecution Agreement between Armour and the Departments of Justice and State, and an Order by the Assistant Secretary of State for Political-Military Affairs, the Department of State's suspension notice of December 31, 1992 was **rescinded** for Armour and its subsidiaries and associated companies and Arthur G. Schreiber, effective December 29, 1993. Therefore, those persons holding existing licenses or other approvals that were affected by the Armour and Arthur G. Schreiber suspension may resume exporting defense articles or defense services.

Notice of this rescission action was published in the *Federal Register* (Vol 59, January 26, 1994, p. 3746, Public Notice No. 1934).

Public Notices of Debarred Persons

The following persons have previously been debarred for a period of three years following their conviction for violating or conspiring to violate the AECA. *Key — name; offense; conviction date & court; Federal Register citation.*

Aero Systems, Inc.

18 U.S.C. § 371 (conspiracy to violate 22 U.S.C. § 2778) and 22 U.S.C. § 2778
May 12, 1993, District of Columbia
(Public Notice #1868, 58 *Federal Register* 50382, September 27, 1993)

Aero Systems, Inc. — 2nd Statutory Debarment

18 U.S.C. § 371 (conspiracy to violate 22 U.S.C. § 2778) and 22 U.S.C. § 2778
July 5, 1993, District of Columbia
(Public Notice #1944, 59 *Federal Register* 5664, February 7, 1994)

Aero Systems Aviation Corp.

18 U.S.C. § 371 (conspiracy to violate 22 U.S.C. § 2778) and 22 U.S.C. § 2778
May 12, 1993, District of Columbia
(Public Notice #1868, 58 *Federal Register* 50382, September 27, 1993)

Aero Systems Aviation Corp. — 2nd Statutory Debarment

18 U.S.C. § 371 (conspiracy to violate 22 U.S.C. § 2778) and 22 U.S.C. § 2778
July 5, 1993, District of Columbia
(Public Notice #1944, 59 *Federal Register* 5664, February 7, 1994)

Aero Systems Pte. Ltd.

18 U.S.C. § 371 (conspiracy to violate 22 U.S.C. § 2778) and 22 U.S.C. § 2778
May 12, 1993, District of Columbia
(Public Notice #1868, 58 *Federal Register* 50382, September 27, 1993)

Aero Systems Pte. Ltd. — 2nd Statutory Debarment

18 U.S.C. § 371 (conspiracy to violate 22 U.S.C. § 2778) and 22 U.S.C. § 2778
July 5, 1993, District of Columbia
(Public Notice #1944, 59 *Federal Register* 5664, February 7, 1994)

Luis Fernando Arcila-Giraldo

18 U.S.C. § 371 (conspiracy to violate 22 U.S.C. § 2778) and 22 U.S.C. § 2778
April 30, 1991, Middle District of Florida
(Public Notice #1758, 58 *Federal Register* 6835, February 2, 1993)

Symone Morris Behrmann

18 U.S.C. § 371 (conspiracy to violate 22 U.S.C. § 2778) and 22 U.S.C. § 2778
May 10, 1990, District of Columbia
(Public Notice #1771, 58 *Federal Register* 12440, March 4, 1993)

John L. Broussard

18 U.S.C. § 371 (conspiracy to violate 22 U.S.C. § 2778)
June 26, 1992, Western District of Louisiana
(Public Notice #1928, 59 *Federal Register* 1053, January 7, 1994)

Maryanne E. Callaghan

18 U.S.C. § 371 (conspiracy to violate
22 U.S.C. § 2778) and 22 U.S.C. § 2778
July 20, 1990, District of Columbia
(Public Notice #1771, 58 *Federal Register*
12440, March 4, 1993)

Fu Chin Chung, a.k.a. Alfred Chung

22 U.S.C. § 2778
May 20, 1990, Northern District of Georgia
(Public Notice #1758, 58 *Federal Register*
6835, February 2, 1993)

**B.V. Delft Electronische Producten (DEP),
Netherlands [DEP defense-related activities]**

18 U.S.C. § 371 (conspiracy to violate
22 U.S.C. § 2778) and 22 U.S.C. § 2778
July 17, 1992, District of Columbia
(Public Notice #1798, 58 *Federal Register*
26028, April 29, 1993)

Delft Instruments, N.V., Netherlands

18 U.S.C. § 371 (conspiracy to violate
22 U.S.C. § 2778) and 22 U.S.C. § 2778
July 17, 1992, District of Columbia
(Public Notice #1798, 58 *Federal Register*
26028, April 29, 1993)

Delft Instruments Defense B.V., Netherlands

18 U.S.C. § 371 (conspiracy to violate
22 U.S.C. § 2778) and 22 U.S.C. § 2778
July 17, 1992, District of Columbia
(Public Notice #1798, 58 *Federal Register*
26028, April 29, 1993)

**Delft Instruments Electro-Optics B.V.
(DIEO), Netherlands**

18 U.S.C. § 371 (conspiracy to violate
22 U.S.C. § 2778) and 22 U.S.C. § 2778
July 17, 1992, District of Columbia
(Public Notice #1798, 58 *Federal Register*
26028, April 29, 1993)

Colin J. Devellerez

18 U.S.C. § 371 (conspiracy to violate
22 U.S.C. § 2778) and 22 U.S.C. § 2778
September 14, 1993, District of Columbia
(Public Notice #1928, 59 *Federal Register*
1053, January 7, 1994)

Dilligas Trading Co., Inc.

22 U.S.C. § 2778
December 13, 1991, Eastern Dist. of Virginia
(Public Notice #1674, 57 *Federal Register* 37184,
August 18, 1992; Public Notice #1699, 57
Federal Register 43768, September 22, 1992,
Department of State Correction Notice)

**Brian Joseph Fleming, a.k.a. Brian Joseph
McSulla**

18 U.S.C. § 371 (conspiracy to violate
22 U.S.C. § 2778)
July 3, 1990, Middle District of Alabama
(Public Notice #1758, 58 *Federal Register*
6835, February 2, 1993)

Franke Systemtechnik GmbH, Germany

18 U.S.C. § 371 (conspiracy to violate
22 U.S.C. § 2778) and 22 U.S.C. § 2778
July 17, 1992, District of Columbia
(Public Notice #1798, 58 *Federal Register*
26028, April 29, 1993)

Louis Haneef

18 U.S.C. § 371 (conspiracy to violate
22 U.S.C. § 2778) and 22 U.S.C. § 2778
December 30, 1991, Southern Dist. of Florida
(Public Notice #1928, 59 *Federal Register*
1053, January 7, 1994)

Edouard Michel Heldewier

18 U.S.C. § 371 (conspiracy to violate
22 U.S.C. § 2778) and 22 U.S.C. § 2778
June 3, 1991, Eastern District of Michigan
(Public Notice #1928, 59 *Federal Register*
1053, January 7, 1994)

Hierax Co. Ltd.

18 U.S.C. § 371 (conspiracy to violate
22 U.S.C. § 2778) and 22 U.S.C. § 2778
May 12, 1993, District of Columbia
(Public Notice #1868, 58 *Federal Register*
50382, September 27, 1993)

Hierax Co. Ltd. — 2nd Statutory Debarment

18 U.S.C. § 371 (conspiracy to violate
22 U.S.C. § 2778) and 22 U.S.C. § 2778
July 5, 1993, District of Columbia
(Public Notice #1944, 59 *Federal Register*
5664, February 7, 1994)

Ronald J. Hoffman

22 U.S.C. § 2778

April 20, 1992, Central District of California
(Public Notice #1895, 58 *Federal Register*
58586, November 2, 1993)

Herbert J. Hoffmann

18 U.S.C. § 371 (conspiracy to violate
22 U.S.C. § 2778)

December 11, 1990, District of Maryland
(Public Notice #1771, 58 *Federal Register*
12440, March 4, 1993)

Tsotomu Ida

18 U.S.C. § 371 (conspiracy to violate
22 U.S.C. § 2778)

December 17, 1992, District of Columbia
(Public Notice #1895, 58 *Federal Register*
58586, November 2, 1993)

Instrubel N.V., Belgium

18 U.S.C. § 371 (conspiracy to violate
22 U.S.C. § 2778) and 22 U.S.C. § 2778

July 17, 1992, District of Columbia
(Public Notice #1798, 58 *Federal Register*
26028, April 29, 1993)

John Jarema

22 U.S.C. § 2778

August 30, 1990, Eastern District of Michigan
(Public Notice #1771, 58 *Federal Register*
12440, March 4, 1993)

Franciso Ernesto Jerez

18 U.S.C. § 371 (conspiracy to violate
22 U.S.C. § 2778)

January 29, 1992, Central District of California
(Public Notice #1758, 58 *Federal Register*
6835, February 2, 1993)

Jetborne, Inc.

22 U.S.C. § 2778

December 3, 1992, Southern District of Florida
(Public Notice #1928, 59 *Federal Register*
1053, January 7, 1994)

Hilton Langley

18 U.S.C. § 371 (conspiracy to violate
22 U.S.C. § 2778)

June 26, 1992, Western District of Louisiana
(Public Notice #1928, 59 *Federal Register*
1053, January 7, 1994)

Joseph McColgan

18 U.S.C. § 371 (conspiracy to violate
22 U.S.C. § 2778)

June 7, 1991, Southern District of Florida
(Public Notice #1771, 58 *Federal Register*
12440, March 4, 1993)

Charles Farrell Malone

18 U.S.C. § 371 (conspiracy to violate
22 U.S.C. § 2778)

June 20, 1990, Middle District of Alabama
(Public Notice #1758, 58 *Federal Register*
6835, February 2, 1993)

Miles Andrew Maynard

18 U.S.C. § 371 (conspiracy to violate
22 U.S.C. § 2778) and 22 U.S.C. § 2778

June 3, 1991, Eastern District of Michigan
(Public Notice #1928, 59 *Federal Register*
1053, January 7, 1994)

George R. Mitchell

22 U.S.C. § 2778

January 17, 1992, District of Maryland
(Public Notice #1674, 57 *Federal Register*
37184, August 18, 1992; Public Notice #1699,
57 *Federal Register* 43768, September 22, 1992,
Department of State Correction Notice)

Seamus Moley

18 U.S.C. § 371 (conspiracy to violate
22 U.S.C. § 2778)

June 7, 1991, Southern District of Florida
(Public Notice #1771, 58 *Federal Register*
12440, March 4, 1993)

Toshiyuki Murakoshi

18 U.S.C. § 371 (conspiracy to violate
22 U.S.C. § 2778)

December 17, 1992, District of Columbia
(Public Notice #1895, 58 *Federal Register*
58586, November 2, 1993)

Novacom, Inc.

22 U.S.C. § 2778

December 13, 1991, Eastern Dist. of Virginia
(Public Notice #1674, 57 *Federal Register*
37184, August 18, 1992; Public Notice #1699,
57 *Federal Register* 43768, September 22, 1992,
Department of State Correction Notice)

OIP N.V., Belgium

18 U.S.C. § 371 (conspiracy to violate
22 U.S.C. § 2778) and 22 U.S.C. § 2778
July 17, 1992, District of Columbia
(Public Notice #1798, 58 *Federal Register*
26028, April 29, 1993)

Oldelft Electronic Instruments Srl, Italy

18 U.S.C. § 371 (conspiracy to violate
22 U.S.C. § 2778) and 22 U.S.C. § 2778
July 17, 1992, District of Columbia
(Public Notice #1798, 58 *Federal Register*
26028, April 29, 1993)

Francisco Salvador Martin Panameno

18 U.S.C. § 371 (conspiracy to violate
22 U.S.C. § 2778)
January 29, 1992, Central District of California
(Public Notice #1758, 58 *Federal Register*
6835, February 2, 1993)

Pan Aviation, Inc.

18 U.S.C. § 371 (conspiracy to violate
22 U.S.C. § 2778) and 22 U.S.C. § 2778
January 23, 1992, Southern District of Florida
(Public Notice #1674, 57 *Federal Register*
37184, August 18, 1992; Public Notice #1699,
57 *Federal Register* 43768, September 22, 1992,
Department of State Correction Notice)

Ricardo Benitez Perez

22 U.S.C. § 2778
January 21, 1992, Southern District of Texas
(Public Notice #1758, 58 *Federal Register*
6835, February 2, 1993)

Alfredo Antonio Ramos-Tinoco

18 U.S.C. § 371 (conspiracy to violate
22 U.S.C. § 2778) and 22 U.S.C. § 2778
April 4, 1991, Middle District of Florida
(Public Notice #1758, 58 *Federal Register*
6835, February 2, 1993)

Frank J. Randazzo

18 U.S.C. § 371 (conspiracy to violate
22 U.S.C. § 2778)
May 10, 1990, District of Columbia
(Public Notice #1771, 58 *Federal Register*
12440, March 4, 1993)

David R. Rosen

18 U.S.C. § 371 (conspiracy to violate
22 U.S.C. § 2778) and 22 U.S.C. § 2778
June 26, 1990, Eastern Dist. of Pennsylvania
(Public Notice #1771, 58 *Federal Register*
12440, March 4, 1993)

Sarkis G. Soghanalian

18 U.S.C. § 371 (conspiracy to violate
22 U.S.C. § 2778) and 22 U.S.C. § 2778
January 29, 1992, Southern District of Florida
(Public Notice #1674, 57 *Federal Register* 37184,
August 18, 1992, Public Notice #1699; 57
Federal Register 43768, September 22, 1992,
Department of State Correction Notice)

Hironobu Takahashi

18 U.S.C. § 371 (conspiracy to violate
22 U.S.C. § 2778)
December 17, 1992, District of Columbia
(Public Notice #1895, 58 *Federal Register* 58586,
November 2, 1993)

Rudy Yujen Tsai

18 U.S.C. § 371 (conspiracy to violate
22 U.S.C. § 2778) and 22 U.S.C. § 2778
March 4, 1991, Eastern Dist. of Pennsylvania
(Public Notice #1771, 58 *Federal Register* 12440,
March 4, 1993)

Glenda Joyce Tucker

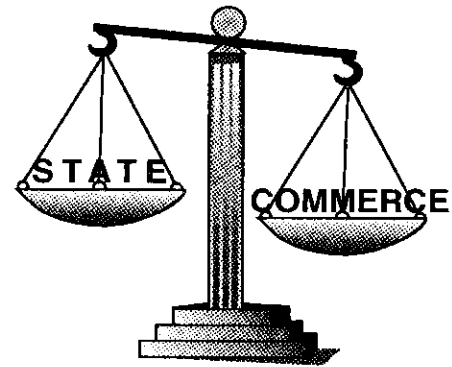
22 U.S.C. § 2778
September 20, 1993, Central Dist. of California
(Public Notice #1928, 59 *Federal Register* 1053,
January 7, 1994)

Phyllis Ware

22 U.S.C. § 2778
June 3, 1991, Eastern District of Michigan
(Public Notice #1928, 59 *Federal Register* 1053,
January 7, 1994)

**Anyone needing additional information
to determine whether a person has been
debarred or reinstated should contact the
Compliance Division of the Office of
Defense Trade Controls. ♦**

Commodity Jurisdiction Determinations



The following chart lists selected recent Commodity Jurisdiction (CJ) determinations. We have described the commodities in general terms to ensure confidentiality of proprietary information.

Determinations apply only to the specific commodities reviewed. If you believe one of your firm's products is similar to one listed here as having been placed on the Commerce Department's Commerce Control List (CCL) and wish to have the product reviewed, please submit a CJ request letter following the guidelines set forth in ITAR §120.4. Refer to *Defense Trade News* articles "Guidelines for Preparing CJ Requests" and "CJs for Mass Market Software" (Vol. 3, No. 4, Oct 1992) and "Class and Multiple CJ Requests" (Vol. 3, No. 1, Jan 1992), or call (703) 875-5655 for guidance. ♦

COMMODITY	RULING	COMMODITY	RULING
Accelerometer, Quartz Flexure	CCL**	Digital Conferencing System	CCL 5A03A
Accelerometers, Linear Servo and Quartz Flexure: Specifically Designed for Commercial Applications	CCL**	Digital Signal Processor, Low Power, 16-Bit General Purpose	CCL**
Specifically Designed for Military Applications	USML XII(d)	Digital Voice Logger	CCL**
Airships, Non-Rigid: Not Specifically Designed, Modified or Configured for Military Applications	CCL**	Facsimile Transceiver, Commercially Compatible: Non-TEMPEST TEMPEST	CCL 5A96G USML XI(b)
Specifically Designed, Modified or Configured for Military Applications	USML VIII(a)	Fiber Optic Cable Specifically Designed for Military Applications	USML IV(h)
Ammonium Dinitramide (Dinitramide Salts)	USML V(a)	Fiber Optic Modem Specifically Designed for Military Applications	USML XI(d)
Ammunition Loading System	USML III(b)	Fireworks (Hazard Class 1.3G)	CCL**
Angular Rate Sensor: Specifically Designed for Military Applications	USML XII(d)	Helicopters Specifically Designed for Military Applications	USML VIII(a)
Cable Television Decoders	CCL 5A11A and 5A95F	Horizontal Situation Indicator and Radio Magnetic Indicator	CCL**
Camouflage Coatings with Infrared and Chemical Resistant Primers and Topcoats	USML XIII(e)	Imaging System, Airborne Video	CCL**
Capacitor Discharge Unit (CDU)	CCL**	Infrared Focal Plane Array Camera	USML XII(e)
Castings: Not Specifically Designed, Modified, or Configured for a Defense Article	CCL**	Integrated Circuit with Encryption	CCL 5A11A
Specifically Designed, Modified, or Configured for a Defense Article	USML	Intensifier System, Lens-Coupled	USML XII(e)
Central Transceiving Earth Station and Transportable Transceiving Station	CCL 5A94F	Knife, Hook and Snap Blade	CCL**
Command Instrument Processor	CCL**	Laser Aiming Devices for Small Arms	CCL 0A84C
Computer, Handheld	CCL 4A96G	Lighter-than-Air Vehicle, Remotely Piloted: Not Modified or Configured for Military Applications	CCL**
Connecting Track Fixture	CCL**	Modified or Configured for Military Applications	USML XIII(a)
Data Encryption Device	USML XIII(b)	Magnesium Rods, Extruded	CCL**
Data Television Network Containing Data Encryption	USML XIII(b)	Magnesium Sheet	CCL**
DEF-6 (S,S,S-Tributylphosphorotrithioate)	CCL**	Mercury Cadmium Telluride: In Unpolished Sliced Form Specifically Designed, Polished, Cut, Configured for Military Applications	CCL** USML XII(c)
Defoliant	CCL**		

COMMODITY

RULING

Microprocessor, Radiation-Hardened	
16-Bit CMOS & Radiation-Hardened CMOS RAM Module	CCL 3A01A
Module, Radiation-Hardened CMOS RAM	CCL 3A01A
Missile Trainer Equipment Component	USML IX(b)
Navigation System, Airborne GPS/LORAN:	
Not P-Code Capable	CCL**
P-Code Capable	USML XV(b)
Night Vision Device	CCL 6A96G
Nozzle Guide Vanes, Specifically Designed to be Installed on a Military Marine Gas Turbine Engine	USML VI(b)
Personal Decoder	CCL 5A895F
Portable Cooling Packs, Engine Driven & Electric	CCL A96G
Satellite Programs, Technical Data for Commercial Communications	CCL**
Seats, Military Helicopter, Pilot and Co-Pilot	USML VIII(j)
Servo Valves, Electrohydraulic:	
Specifically Designed, Modified or Configured for Commercial Applications	CCL**
Specifically Designed, Modified or Configured for Military Applications	USML VIII(j)
Silicon Carbide Ceramic Fiber	CCL 1C10A
Simulator, Generic Radar Target	USML XI(d)
Software, Computational Fluid Dynamics Computer Code	USML VIII(k)
Software, Computer-Aided Design (CAD) Type	CCL 4D96G
Software, Copy-Protected Encryption Software	CCL**
Software, Electric Funds Transfer:	
Object Code	CCL 5A11A
Source Code	USML XIII(b)
Software, Encryption	
International (Export) Version without DES	CCL 5D13A
Domestic Version with DES for Data Encryption	USML XIII(b)
Software, Encryption Providing Access Control	CCL**
Software, Intelligence	USML XI
Software, Microcomputer-Based Accounting Application	CCL 4D96G
Software Program, Integrated Multiplex System Design	CCL**
Software Security Modules	USML XIII(b)
Software, Simulation and Study of Military Engagements and Conflicts	USML IX(a)
Software, Transaction Security System using DES for Data Encryption	USML XIII(b)
Tank Searchlight Assembly	USML VII(h)
Telemetry Receiver and Diversity Combiner	
Specifically Designed for Both Military and Commercial Applications	USML XI and XV
Temperature Regulating Valves Specifically Designed for Military Applications	USML XI(f)
Tensile Testing Machines	CCL 1B96G
Vehicle Decoys, Two-Dimensional Pictorial	USML XIII(e)
Wheel, Brake, and Anti-Skid System	
Specifically Modified for a Military Aircraft	USML VIII(j)

DTAG Developments

(Continued from page 19)

Andrew Church of the Office of Export Control Policy outlined U.S. efforts to help Eastern Europe and the former Soviet states establish effective export controls. State is in the process of amending the ITAR list of proscribed destinations to reflect progress by various states.

In the case of the former Soviet states, the U.S. is most likely to approve sales of non-lethal civilian end-use items. Albania, Bulgaria, Estonia, Latvia, Lithuania, and Romania have made progress toward becoming free-market democracies; while they remain proscribed, State is approving some transfers in support of legitimate defense needs. The Czech Republic, Hungary, Poland, and Slovakia were removed from the proscribed list in 1991. They have the region's most effective export control systems, and are likely to be the most active Partnership for Peace participants. These countries are eligible for FMS transfers, and State is likely to approve commercial sales which fulfill these countries' legitimate defense needs.

Dean Rogers of the Office of Export Control Policy and Daniel Cook of the Office of Defense Trade Controls discussed developments on reconnaissance satellite and encryption policy.

Under Secretary's Overview

Finally, Under Secretary of State for International Security Affairs Lynn E. Davis took questions on prospects for U.S. participation in the upgrade of Soviet systems, human rights as a factor in licensing decisions for countries such as China, the Conventional Arms Transfer policy review, defense export financing, and the COCOM successor regime.

DTAG-related questions can be directed to Linda Lum of the DTAG Secretariat at (202) 647-4231. ♦



Feedback

Please circle or fill in your responses, add any comments, and mail to DTC (**Attn: DTN Feedback**) or fax to (703) 875-6647.

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9. Foreign government element
10. Other (please explain in Comments)

2. How many people will read this issue?

1. 1 person
2. 2-5 people
3. 6-10 people
4. 11+ people

3-15. Please rate the **usefulness** of each article on a scale of 1 (worst) to 5 (best). Rate as "0" any articles you did not read.

3. COCOM ____
4. Cyberspace____
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16-28. Please rate each article's **readability** (style and physical presentation) on a scale of 1 (worst) to 5 (best); rate as "0" articles you did not read.

16. COCOM ____
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29-31. Please circle the numbers of the **three** topics you would most like to see covered in the magazine.

1. Defense trade policy
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32. This magazine is provided to DTC registrants and others free of charge. If we were to change to a paid subscription basis (at c. \$20/year), how would your organization react?

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