



United States Department of State

Bureau of Political-Military Affairs

# Defense Trade News

and Export Policy Bulletin

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**Secretary of State**  
Warren Christopher

**Assistant Secretary  
of State for  
Political-Military  
Affairs**

Thomas E. McNamara

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

**Executive Editor**  
Lana C. Chumley

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

Defense Trade Advisory  
Group: Linda Lum

**Layout Design**  
Paula M. Lorfano

**Graphics Design**  
Richard E. Florence

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## Editor's Note

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After a longer than expected hiatus, the *Defense Trade News and Export Policy Bulletin* is back on schedule with the first issue of 1996 covering remarks by Assistant Secretary Thomas E. McNamara on policy issues.

This issue also introduces a new addition, "Now You Know....", a question and answer forum, will allow our readers to pose policy, operational, or regulatory questions to the Department's experts.

Your opinion, questions, and concerns are important to us. Please take a minute to complete the "Office of Defense Trade Controls Customer Service Survey" on page 25.

We want to hear from you! ♦

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### Registration List of Munitions Manufacturers and Exporters

This file contains the names of companies which have registered with the Department of State in accordance with the provisions of the Arms Export Control Act and the International Traffic in Arms Regulations (ITAR). The companies in the Registration List are those which have obtained licenses for the manufacture or export of munitions or both as required by the ITAR. In addition to the Registration List, the following lists are included: 1) Washington area representatives of munitions manufacturers and exporters; 2) associations connected to munitions manufacture and export; 3) U.S. customs offices; 4) U.S. Government offices with an interest in munitions export; and 5) foreign embassies. The Registration List is organized into two parts: a short list of addresses with a field designating the number of copies of State Department issuances the addressee is to receive and a long list with no designation of number of copies to be received by the addressee.

To order, call the National Technical Information Service, 5285 Port Royal Road, Springfield, VA 22161, (703) 487-4650 or (703) 321-8547, NTIS Order Number: PB93-502912.

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# POLICY

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## Remarks by Thomas E. McNamara

*The CAT Policy and USG Assistance in Specific Procurement Cases*

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*Assistant Secretary of State for Political-Military Affairs Thomas E. McNamara before the Defense Trade Advisory Group on Wednesday, September 20, 1995 reviewed how the United States government applies the broad principles of the Conventional Arms Transfer Policy to determine whether proposed sales are appropriate, and discussed how industry was helped in obtaining significant defense contracts in specific instances.*

### PM Reorganization

"Before getting to my main topic, let me comment on PM's reorganization of export control functions which became effective on August 1, 1995" (See: *Defense Trade News*, Vol. 6, No. 1, October, 1995).

This restructuring is intended to streamline PM functions by allowing a reduced number of personnel to handle PM's considerable responsibilities. Specifically, export control policy making for both FMS and commercial sales is now consolidated within PM/A TEC. This change will improve our ability to carry out the President's CAT policy.

### Restraint

The CAT policy advances U.S. national security and foreign policy goals by either restraining or supporting defense sales as appropriate. CAT seeks to restrain arms transfers which are destabilizing and which threaten regional peace and security.

You are all familiar with the criteria applied to policy decisions in arms transfers, so I will not belabor those points. I would note, however, that the sale of U.S. defense articles and services must be consistent with multilateral restrictions.

These include U.N. arms embargoes against Iraq, Libya and the former Yugoslav republics; efforts to enhance transparency such as the U.N. Register of Conventional Arms and regional initiatives in the Organization of American States and ASEAN; and arms control and confidence building measures involving the Middle East and Europe.

We impose unilateral restraints for overriding foreign policy reasons. The countries in Section 126.1 of the U.S. Munitions List cannot receive any U.S. defense articles and services. These include aggressor states and states which support terrorism: Cuba, Iran, Iraq, Libya, North Korea, Sudan, and Syria.

A prime focus of our efforts continues to be the furtherance of multilateral restraint and transparency as exemplified in measures stemming from the COCOM successor regime negotiations, particularly in the New Forum.

Dr. Davis has just returned from deliberations on the New Forum, but unfortunately she cannot be with us today. I will speak in her place this afternoon on this subject.

### Support

I'll outline ways in which we are prepared to support U.S. arms transfers and cite some specific recent examples. I will also attempt a brief but frank analysis of emerging markets for defense articles and services.

We all recognize that the arms market is shrinking. The volume and value of global arms transfers has fallen sharply, and the market may contract by at least another 25 percent by the end of the decade. This has heightened already fierce competition among suppliers. Many will not survive.

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Compared to other supplier nations, the United States is doing well. While overall sales have declined, the relative U.S. share of the market has grown. The U.S. is now the largest arms exporter, capturing roughly half of new sales.

Because U.S. purchases of armaments have greatly decreased, sales abroad have become increasingly important for the financial well-being of U.S. firms. We remain committed to facilitating responsible arms transfers to meet the legitimate defense needs of our friends and allies.

The USG supports responsible transfers in several ways, including:

- Tasking U.S. Embassy personnel to support overseas marketing efforts of U.S. firms.
- Involving senior USG officials in promoting sales especially important to U.S. interests.
- Supporting DOD participation in international air and trade shows, when the Secretary of Defense determines that such participation is in the national interest and notifies Congress.

Let me turn to specific cases in which we utilized these and other methods to the benefit of U.S. firms. My first example is a recent sale to the UK.

### **Apache Helicopters for the UK**

Last August after a two-year competition, Westland/McDonnell Douglas secured the \$4 billion contract to provide the Apache attack helicopter to the UK. Two of the six competing consortia involved U.S. firms. Embassy London actively supported the U.S. bidders.

From the outset, in London the Office of Defense Cooperation (ODC), ambassador, and other relevant country team members worked closely with senior McDonnell-Douglas and Bell-Textron executives to develop suitable marketing strategies.

In Washington an interagency team (State, Commerce, and DOD) expedited all USG actions supporting the U.S. competitors. Some of its most important activities involved the release of technical data. Because it was crucial to assure the UK that problems of releasability would not arise, the team processed requests for manufacturing licenses and technical assistance agreements prior to the final selection for both U.S. competitors.

In this and other cases, the UK government faced pressures to buy European. Both McDonnell-Douglas and Bell-Textron worked through a UK prime contractor to mitigate these demands.

- The embassy and the American manufacturers downplayed European vs. U.S. arguments and stressed the operational and economic advantages of U.S. aircraft.

- The U.S. gained the MOD's recommendation by emphasizing the offer's performance, cost, and risk advantages.

In the future, we can expect the UK to demand more offsets. This became clear towards the end of the competition, when, already promised substantial benefits of 100% offsets and 3,000 new jobs, the UK lobbied for even more offsets.

### **Apache Helicopters for the Netherlands**

My next two examples involve the Netherlands. In June the Dutch bought thirty McDonnell Douglas Apache helicopters for their airmobile brigade.

As in the UK case, the USG and the American manufacturer used similar tactics to win major defense contracts. There was interagency coordination for the Dutch helicopter competition: the Embassy's ODC was the central point of contact, and State, USIS, FCS, DOD were all involved.

- The Embassy's extensive contacts enabled U.S. players to gain insights into political trends and decisionmaker sentiment, allowing USG officials and McDonnell Douglas

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representatives to respond to concerns about the future of European arms cooperation and emphasize the benefits of cooperation with the United States.

Testimony from U.S. Apache pilots about the Apache's technical merits overcame the pro-European bias of Dutch Defense Ministry State Secretary Meijling.

Senior USG officials weighed in for McDonnell Douglas. While high-level French and German officials lobbied for their industries, the President and Secretaries of State, Defense, and Commerce all made personal appeals to Dutch representatives to counter this.

### **AMRAAM Missiles for the Netherlands**

The Dutch made another major purchase in June. The Defense Ministry announced its intent to buy two hundred Hughes/Raytheon AMRAAM missiles worth \$90 million. The missiles are co-produced by the two firms for overseas sales, and would be delivered during 1998 - 99.

Although the Economic Affairs Ministry must still approve the offsets package, and even though the sale is subject to parliamentary review in September, Dutch officials say both parties will probably allow the sale.

The entire country team, led by the ambassador and the ODC, actively supported Hughes and Raytheon. At one point the Netherlands blocked consideration of AMRAAM because of an unrelated U.S. trade measure, and the embassy worked closely with Washington to separate one issue from the other.

In the final stages of the competition, the ambassador met with Defense State Secretary Meijling at the Paris Air Show. Later he met with a key member of parliament. The embassy's pol-mil officer accompanied parliamentarians to the Hughes/Raytheon presentation at the Paris Air Show, briefing Dutch officials on the program and responding to questions.

### **Emerging Markets**

These three examples illustrate the substantial resources the USG is willing to invest in support of legitimate defense sales. Such sales further commercial as well as security and foreign policy interests, producing advantages for both government and industry.

But these examples consist of sales to major European allies. Many industry wonder what U.S. arms transfer policy will be towards potentially emerging and lucrative markets in the Middle East, South Asia, East Asia, and Latin America.

In the Middle East, the United States transfers advanced conventional weaponry to Israel. This is consistent with our commitment to sustain Israel's qualitative military advantage over potential adversaries.

We maintain a rough ratio of arms sales to Egypt and Israel in order to meet Egypt's legitimate defense needs, reinforce our strong bilateral relationship, and illustrate that we accord Egypt significant advantages for being the first Arab state to make peace with Israel and for being actively engaged in the peace process.

Concerning Saudi Arabia, Saudi security and the country's ability to defend itself have always been our paramount concern. The Saudis are our largest foreign military sales customer. We expect the commercial market to grow in the years ahead as the current cash crunch eases. We fully support U.S. companies working in Saudi Arabia and continue to encourage marketing efforts.

U.S. arms sales policy among the Gulf Cooperation Council (GCC) states is handled on a case-by-case basis, given the unique needs of the various countries in the Arabian Gulf. Overall, however, our goal is to enable these countries to provide the first line of defense in the region.

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Kuwait faces the difficult task of securing its borders against the principal threats in the region -- Iran and Iraq -- and the U.S. has a standing commitment to assist Kuwait in meeting its legitimate defense requirements.

The U.S. and UAE signed a bilateral defense cooperation agreement in July 1994. The UAE - purchased U.S. military equipment improves interoperability with U.S. forces, a key to the UAE's continuing security.

To assure the free flow of oil, the United States strives to prevent Iraq or Iran from gaining military advantage in the region. Until Iraq complies with UN Security Council resolutions, it will remain subject to rigorous international restrictions prohibiting any non-humanitarian imports. The United States prohibits any arms transfers to Iran.

Regarding other countries in the region, we review proposed transfers to Algeria on a case-by-case basis, giving human rights concerns more emphasis and imposing a presumption of denial on lethal exports. We would approve proposed sales to Jordan which sustain the Jordanian armed forces, but would deny those giving Jordan new systems or significant upgrades.

Pakistan and India are our chief concerns in South Asia. These countries have a history of armed conflict and both have advanced programs to acquire WMD and their ballistic missile delivery systems. The United States is wary of allowing transfers which would destabilize the region, undermine our nonproliferation objectives, or advance offensive capabilities.

Under Pressler Amendment sanctions imposed in 1990, Pakistan cannot receive any FMS transfers. The Department's Pressler Review Committee allows commercial transfers connected with repairs and maintenance of equipment transferred before 1990.

Because the United States does not want to contribute to instability in South Asia by upsetting the current balance of forces, the USG closely examines proposed arms sales to India.

In East Asia, Tiananmen sanctions against China will probably not be lifted in the near future because of the country's human rights abuses. The only way for China to receive USML items is for the President to waive these sanctions for exports which he determines are in the national interest.

Dual-use items intended for the People's Liberation Army are captured by the Tiananmen sanctions. The USG closely scrutinizes proposed exports of dual-use items covered by the Enhanced Proliferation Control Initiative (EPCI). License applications for dual-use exports for commercial end-uses, other than high tech transfers, are handled by the Department of Commerce and are generally approved.

U.S. arms transfer policy towards Taiwan remains unchanged. Our policy has successfully advanced U.S. interests, addressing Taiwan's security and economic needs and furthering democracy in that nation. The USG has fully met Taiwan's legitimate defensive needs while upholding our commitments under the August 1982 Communique.

The United States has significant commercial, political, and security interests in Indonesia, but its human rights abuses have led us to deny requests to export small arms and lethal crowd control items. We closely scrutinize requests to export non-lethal items applicable to crowd control or police work.

Human rights concerns also cause us to restrict exports of certain equipment to Sri Lanka, but we are monitoring recent improvements in the country's human rights record.

Vietnam remains a proscribed country under the ITAR, and constraints on arms exports are not expected to be eased soon.

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So as to maintain the existing military balance in Latin America, the United States will not introduce advanced conventional weaponry into the region. But it is in our interest to support modernization of the Latin American armed forces in a limited and balanced way.

In February we imposed a general suspension on munitions exports when a border conflict erupted between Peru and Ecuador. As hostilities have ceased and progress is being made towards resolving the dispute, the United States modified the policy in early May to allow case-by-case review of transfers of non-lethal defense items.

This month the Administration decided to lift the blanket arms embargo imposed during the border conflict.

-- Non-lethal FMS sales to Ecuador are already allowed. We now extend this to Peru.

-- We have returned to considering transfers of lethal weapons on a case-by-case basis. In accordance with the CAT policy, we would prohibit transfers of sophisticated weapons systems which would upset the regional balance of power, and continue to encourage Peru and Ecuador to limit their arms purchases.

We review export requests to Guatemala on a case-by-case basis, but are closely scrutinizing proposed exports of lethal equipment because of human rights concerns. ♦

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# Revised Computer Export Controls

*Regulatory Revisions to Focus On National Security*

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On October 6, the White House announced the President's decision on revising computer export controls. In his statement, the President made it clear that effective export controls are a critical part of national security, especially a strong nonproliferation policy. He further stated that our control regulations must focus principally on exports that have significant national security applications and which are not so widely available in open commerce that controls are ineffective.

The President took this action in the wake of a careful study by the Department of Defense that considered (1) the rapid advance of computing technology since 1993, when controls were last reviewed, (2) our security and nonproliferation interests, and (3) the need for a policy that would remain effective over the next 18 to 24 months.

This study found that enormous advances in the power and capabilities of computing systems coming into widespread commercial use have occurred and will continue to occur over the next two years. The commercial computer market is being transformed by the emergence of workstations containing multiple high-speed microprocessors, the ready availability of high-speed communications links, and the continuing rapid progress in software to permit difficult problems to run in parallel and on networks.

Trying to regulate the export of computers that are increasingly available in markets abroad is a recipe for an ineffective nonproliferation policy. It imposes serious regulatory burdens without improving our national security and diverts resources from the pursuit of other important nonproliferation objectives.

This decision will strengthen our nonproliferation policy by targeting our export control resources on those areas where they can

make a difference. It will complement our work in the new forum, the multilateral regime we are forming to control arms and sensitive dual-use technologies, where we will work with our partners to encourage development of multilateral transparency and controls on computers consistent with our national controls. It will reinforce other steps we have taken in this administration to achieve concrete goals -- such as the indefinite extension of the Nuclear Non-Proliferation Treaty, denuclearization of Ukraine, stopping the North Korean nuclear weapons program, and a negotiation of a comprehensive test ban -- in our efforts to combat proliferation.

## Synopsis of New Computer Controls

The proposed new computer export controls are designed around the following goals:

- To permit the government to calibrate control levels and licensing conditions depending upon the national security or proliferation risk posed at a specific destination;
- To enhance U.S. national security and preserve the U.S. computer industrial base by ensuring controls on computer exports are effective and do not unnecessarily impede legitimate computer exports; and
- To permit the government to track global sales, thereby illuminating how high-performance computing may be used to pursue critical military applications.

The revised controls center around four country groups as follows:

- Group A (Western Europe, Japan, Canada, Mexico, Australia, New Zealand): General license for all computers (i.e. no prior

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government review, but companies must keep records on higher performance shipments that will be provided to the U.S. government as directed).

- Group B (South America, South Korea, ASEAN, Hungary, Poland, Czech Republic, Slovak Republic, Slovenia, South Africa): General license up to 10,000 MTOPS with record-keeping and reporting as directed; Individual license (requiring prior government review) above 10,000 MTOPS. Above 20,000 MTOPS, the government may require certain safeguards at the end-user location.

- Group C (India, Pakistan, all Middle East/Maghreb, the former Soviet Union, China, Vietnam, rest of Eastern Europe): General license up to 2,000 MTOPS. Individual license for military and proliferation-related end-uses and end-users and general license for civil end-users between 2,000 MTOPS and 7,000 MTOPS, with exporter record keeping reporting as directed. Individual license for all end-users above 7,000 MTOPS. Above 10,000 MTOPS, additional safeguards may be required at the end-user location.

- Group D (Iraq, Iran, Libya, North Korea): Current policies continue to apply (i.e. virtual embargo on computer exports).

For all these groups, reexport and retransfer provisions continue to apply. The revised controls will become effective after they are implemented in formal Commerce Department Regulations.

The U.S. will continue to implement the Enhanced Proliferation Control Initiative (EPCI), which provides authority for the government to block exports of computers of any level in cases involving exports to end-uses or end-users of proliferation concern or risks of diversion to proliferation activities. Criminal as well as civil penalties apply to violators of the EPCI.

The Department of Commerce is developing additional measures to inform exporters of their obligations and of potential proliferation and other security risk. Commerce will publish regulations clarifying exporters' duty to check suspicious circumstances and inquire about end-uses and end-users. Exporters will be advised to contact the Department of Commerce if they have any concern with the identity or activities of the end-users. Regular briefings and other industry outreach on proliferation and other security issues will be made available for computer companies producing or marketing high-performance computers. ♦

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# Offshore Procurement

*A Comprehensive View*

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## What is Offshore Procurement?

Although the ITAR currently does not define offshore procurement, the term is interpreted to mean the purchase of defense articles from foreign sources who have the resident capability to manufacture an article from U.S. provided build-to-print unclassified technical data for delivery solely to U.S. persons in the United States or to the U.S. Government.

Offshore Procurement a condition of export off shore procurement that the capability and know-how necessary to produce the product is resident with the offshore source. Thus, only build-to-print is being defined as producing an end item (i.e., system), sub-system, or component from technical drawings and specifications (which contain no process or manufacturing know-how) without the need for any technical assistance. The ability to "build-to-print" is dependent upon a recipient already having the capability to use the technical drawings and specifications to generate a manufacturing data package that includes indigenous process specifications that allow the defense article to be produced. Release of supporting documentation (e.g., acceptance criteria, object code software for numerical machines) is permissible. Any effort going beyond build-to-print constitutes a defense service as defined in 22 CFR 120.9(1) and would require the submission of either a technical assistance agreement or a manufacturing license agreement in accordance with 22 CFR 124.1.

## What are the Requirements of Offshore Procurement (22 CFR 124.13)?

Application Submission: Applications (DSP-5) for bid packages for export offshore procurement submitted to the Office of Defense Trade Controls must contain the following (See page 14 for an example of a completed DSP-5):

a. Block 10 (commodity block), or as an attachment, providing technical descriptions of the product (s) involved. Block 10 should state "unclassified technical data, i.e., drawings, and specifications required to support the offshore procurement of the (insert commodity)".

b. Blocks 14, 16, and/or 18, or as an attachment, identifying all foreign parties to which the bid package will be released. Ensure that the data package is limited to only build-to-print information and that the foreign recipients maintain an accounting of the data provided to them to ensure that the data will either be returned to the US or destroyed upon nonselection or termination of effort. To ensure compliance with 124.13 and 123.9, prior to delivery of the bid package containing build-to-print technical data to the foreign end-user (s), a signed statement must be obtained from the foreign end-user (s). The statement must declare that the data will not be retransferred to any unauthorized parties or to a third country without the prior written approval of the U.S. Government. The statement should be retained as a part of the exporter's records as required in 22 CFR 122.5.

c. Block 20 (specific end use information) stating "Build-to-print bid package for offshore procurement of (defense article) in accordance with (IAW) 22 CFR 124.13".

Acceptance: Upon selection of the foreign party, the requirement of 22 CFR 124.13 must be complied with when entering into an offshore procurement arrangement. A contract or purchase order therefore, must do the following:

a. indicate approval of both the US person and the foreign person the contract/purchase order and limiting delivery of the de-

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fense article (s) to be produced to only the person in the United States or to an agency of the U.S. Government;

b. limit the use of the technical data to the manufacture of the defense article required by the contract/purchase order;

c. prohibit the disclosure of the data to any other person except subcontractors within the same country. However, any subcontracts between foreign persons must contain all the limitations and conditions as specified in 123.9 and 124.13 (c);

d. prohibit the acquisition of any rights in the data by the foreign person (s) (including subcontractors);

e. require the foreign person, including subcontractors, to destroy or return to the person in the US all of the technical data exported pursuant to 124.13; and

f. require delivery of the defense article(s) manufactured abroad only to the US person or to the US Government.

Only the initial contract/purchase order for each foreign party must be submitted to the Office of Defense Trade Controls. It must reference the license number (of the bid package license) and clearly identify the defense article to be produced. Extensions of contracts placed against the license need not be submitted to ODTC but must be retained as a part of the applicant's records. However, a new DSP-5 is required when dealing with a new foreign party.

Renewals: If offshore procurement is to extend beyond the license validity period, a new license submission is required. Blocks 10 and 20 (end use information) should state "Renewal of (insert license number) in furtherance of offshore procurement IAW 124.13". See sample license application.

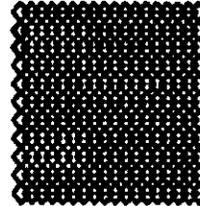
Canada: While no license is required for Canada, when engaging in offshore procurement with Canadian parties, U.S. companies need not apply for a DSP-5. (See 22 CFR 126.5 and 124.13) However, compliance with all other provisions of 22 CFR 124.13, and the guidelines notes above, is required. ♦

SEAL

Signature

License is hereby granted to the applicant for the described commodity to be permanently exported from the United States. This license may be revoked, suspended or amended by the Secretary of State without prior notice whenever the Secretary deems such action advisable.

LICENSE NO.



LICENSE VALID FOR MONTHS FROM ABOVE DATE



UNITED STATES OF AMERICA DEPARTMENT OF STATE

APPLICATION/LICENSE FOR PERMANENT EXPORT OF UNCLASSIFIED DEFENSE ARTICLES AND RELATED UNCLASSIFIED TECHNICAL DATA

1. Date Prepared 01/09/99	2. PM/DTC Applicant/Registrant Code 0000-8888	3. Country of Ultimate Destination United Kingdom	4. Probable Port of Exit from U.S. Los Angeles
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5. Applicant's Name, Address, ZIP Code, Tel. No. Applicant is: <input type="checkbox"/> Government <input checked="" type="checkbox"/> Manufacturer <input type="checkbox"/> Exporter/freight forwarder ABC Company 1 Washington Blvd., Suite 730 Arlington, VA 22200 TELEPHONE NUMBER:	6. Name, agency and telephone numbers of U.S. Government personnel (not PM/DTC) familiar with the commodity <input type="checkbox"/> Army <input type="checkbox"/> Air Force <input checked="" type="checkbox"/> Navy <input type="checkbox"/> Other Capt. Jones, 703-697-0000
7. Name and telephone number of applicant contact if U.S. Government needs additional information. Ms. Jones, 202-697-2001	

8. Description of Transaction

a. This application represents:  ONLY completely new shipment;  ONLY the unshipped balance of license no. \_\_\_\_\_

b. The IDENTICAL commodity  was licensed to the country in block 3 under license no. \_\_\_\_\_;  was licensed to other countries under license no. \_\_\_\_\_;  was returned without action under voided license no. \_\_\_\_\_;  was denied to the country in block 3 under voided license no. \_\_\_\_\_;  was never licensed for this applicant.

c. If commodity is being financed under  Foreign Military Sale (FMS);  Foreign Military Financing (FMP) or;  Grant Aid Program (GAD), give the case number: \_\_\_\_\_

9. QUANTITY Lot	10. COMMODITY <input type="checkbox"/> Hardware <input checked="" type="checkbox"/> Technical Data Unclassified technical data in the form of drawings and specifications required to support the offshore procurement of the xxx widget (insert commodity).	11. USML CAT. XI	12. VALUE No Value
		13. TOTAL VALUE: \$ No Value	

14. Name and address of foreign end-user BBD Company, Inc. 1 Lincoln Street London, England	15. <input type="checkbox"/> Source or <input checked="" type="checkbox"/> Manufacturer of Commodity ABC Company 1 Washington Blvd., Suite 730 Arlington, VA 22200
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16. Name and address of foreign consignee BBD Company 1 Lincoln Street London, England	17. Name and address of seller in United States Same as 5
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18. Name and address of foreign intermediate consignee None	19. Name and address of consignee and/or freight forwarder in United States United Letters 2100 Rose Lane Alexandria, VA 22300
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20. Specific purpose for which the material is required, including specific program/end item Build-to-print Bid Package for Offshore Procurement of xxx widget (defense article) in accordance with 22 CFR 124.13.	21. APPLICANT'S STATEMENT (See Instructions) James Anthony I, _____, hereby apply for a license to complete the transaction described above; warrant the truth of all statements made herein; and acknowledge, understand and will comply with the provisions of Title 22 CFR 120 - 130, and any conditions and limitations imposed. CHECK ALL THAT APPLY: <input checked="" type="checkbox"/> I am a responsible official empowered by the applicant to certify that the conditions of 22 CFR 126.13 and 22 CFR 130 as listed on the reverse of this form have been met in full. <input type="checkbox"/> The applicant, or another party to this export cannot meet one or more of the conditions in 22 CFR 126.13. A request for an exception to policy is attached. <input type="checkbox"/> U.S. consignee(s) and/or freight forwarder list(s) is/are attached. <input type="checkbox"/> I am not empowered by the applicant to certify that the conditions of 22 CFR 126.13 and 22 CFR 130 as listed on the reverse of this form have been met in full. Please see the attached letter for such certification.
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22. LICENSE TO BE SENT TO: Name, address, ZIP code ABC Company 1 Washington Blvd., Suite 730 Arlington, VA 22200	Signature
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## Part 130 - Political Contributions, Fees & Commissions

*Retainer Fee Interpretation, 22 C.F.R. § 130.5*

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In 1976, the Department originally proposed Part 130. The regulatory history of that proposed Part 130 included public comments on "fee or commission." Those comments expressed concern that the definition of "fee or commission" was so broad as to include salaries.

Consequently, the original definition was changed by inserting language, now found at § 130.5(b)(2) of the International Traffic In Arms Regulations (ITAR). Thus, the term "fee or commission" excludes "a normal salary (excluding contingent compensation) established at an annual rate and paid to a regular employee . . ." See 41 Federal Register 40608 (September 20, 1976). Except to the

extent that what might otherwise be called a retainer fee falls within this language, it would not appear to be exempted from the definition of "fee or commission" under Part 130.

**If you have questions on this matter, please contact Mary Sweeney, Compliance Specialist, DTC. She may be reached at (703) 875-6650**

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## OPERATIONS

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### Registration of Manufacturers

*Compliance Benefits All*

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The Arms Export Control Act and the ITAR under Section 122.1 state that "any person who engages in the United States in the business of either manufacturing or exporting of defense articles . . . is required to register with the Office of Defense Trade Controls. Manufacturers who do not engage in exporting must nevertheless register."

There has been a disconcerting increase in the numbers of export license applications where the source is a manufacturer who has not registered or who has failed to keep registration current.

The aim of the Office of Defense Trade Controls is full compliance with the requirements of the Act and the ITAR. In helping us to meet this goal, which in turn helps you, we advise you to carefully check your application prior to submission to ensure that manufacturers from whom you are acquiring defense articles for export are currently registered. In this process, you need not be aware of or note your manufacturer's registration number. You should only satisfy yourself that your manufacturer is currently registered. Checking this before submitting an export license application can help avoid processing delays. ♦

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## Question and Answer Forum

*Now You Know...*

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In our continuing efforts to be responsive to your concerns, we are offering a new service. *The Defense Trade News and Export Policy Bulletin* will accept written questions from our readers, the response to be published in the next issue. We would ask that you direct to this Forum only questions which are of general interest, rather than case specific.

The following questions were raised earlier in several of the seminars we have held. We thought that enough readers might be interested in the answers and that they would serve as useful examples of the kinds of questions which might be raised here.

**Q:** What is the proper thing to do when an Export Coordinator is aware of technical data being erroneously sent to a foreign country without an export license? (The mail was opened by the addressee.) Who do we report this to?

**A:** Such violations should be reported, in writing, in the form of a detailed Voluntary Disclosure. The report should be addressed to the DTC Director. Please see Section 127.12 of the International Traffic in Arms Regulations for a discussion of the voluntary disclosure process.

Of course, internal company efforts -- such as fostering employee awareness regarding export controls -- should be taken to ensure that unlicensed exports do not recur.

**Q:** Is there any move to drop the requirement to register and the registration fee?

**A:** Registration of any person (individual or legal entity) who engages in the United States in the business of either manufacturing or exporting defense articles or furnishing defense services is required by law (Arms Export Control Act) and the International Traffic in Arms Regulations (Part 122).



There are no plans to eliminate registration. DTC believes that registration is a sound first line of communication between industry and the United States government concerning defense trade controls. Industry, through the registration submission, advises the USG about the nature of firms. The USG, by providing information via media such as *Defense Trade News*, communicates policies, procedures, and practices concerning defense trade.

The fees collected help offset some of the administrative costs the Office provides to defense trade registrants.

**Q:** In today's era of cutbacks, the costs associated with establishing an effective compliance program can be prohibitive. Why should a company that does not have a history of violations and seizures, and does not have the human and economic resources, require one?

**A:** **Compliance, exercised by the USG and the private sector, protects America's interests.** Defense trade is regulated to promote U.S. foreign policy and national security objectives. Company compliance programs help ensure the fulfillment of those goals.

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**Compliance is good business.** It ensures that everyone knows what the rules are and follows them, and should provide a thorough tracking system of defense export transactions. This knowledge and its application in business practices allow firms to prevent violations and avoid penalties.

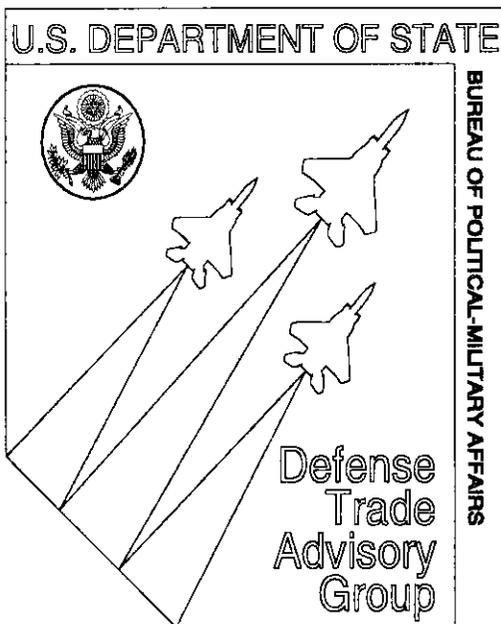
**Compliance is cost-effective.** The penalty for criminal violations of the Arms Export Control Act and the International Traffic in Arms Regulations can be up to 10 years in prison and/or \$1 million per count. Civil penalties can amount to \$500,000 per count and involve the suspension/denial of export privileges.

**For information on how you can present your questions to the Forum, see page 27. ♦**

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## DEPARTMENTS

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### DTAG Developments

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Assistant Secretary of State for Political-Military Affairs Thomas McNamara spoke on the Conventional Arms Transfer (CAT) Policy, USG support for legitimate defense sales, and emerging markets. He summarized the August 1995 reorganization of export control functions. PM's Office of Export Control Policy and part of the Office of Defense Relations and Security Assistance joined to form the new Office of Arms Transfer and Export Control Policy (PM/A TEC), thereby moving foreign military sales and commercial arms transfer responsibilities into one office.

The Conventional Arms Transfer (CAT) Policy prohibits destabilizing transfers and requires that sales be consistent with multilateral restrictions, including the non-proliferation regimes, the New Forum, and U.N. arms embargoes and sanctions. Major U.S. objectives are to promote multilateral restraint and transparency among the major suppliers. The CAT policy also dictates that

the USG should support transfers which advance U.S. security and foreign policy interests. The USG tasks embassies to support marketing efforts, involves senior Washington officials in promoting sales crucial to U.S. interests, and supports DOD participation in international trade shows. In several recent competitions -- Westland/McDonnell Douglas' August 1995 Apache sale to the UK, McDonnell Douglas' June 1995 Apache sale to the Netherlands, and Hughes/ Raytheon's June 1995 AMRAAM missile sale to the Netherlands -- the USG helped U.S. companies obtain significant defense contracts.

Assistant Secretary McNamara offered guidance on emerging and potentially lucrative markets. In the Middle East, the United States transfers advanced conventional weaponry to Israel; maintains a rough ratio of arms sales to Egypt and Israel in order to meet Egypt's legitimate defense needs; supports marketing efforts of U.S. firms in Saudi Arabia; reviews arms sales to the Gulf Cooperation Council (GCC) states on a case-by-case basis; and is committed to help Kuwait meet its legitimate defense requirements.

Concerning South Asia, Pakistan cannot receive any FMS transfers under Pressler Amendment sanctions. The Department's Pressler Review Committee allows transfers of defense equipment commercially connected with repairs and maintenance of equipment transferred before 1990.

China can only receive USML items if the President waives Tiananmen sanctions for exports which he determines are in the national interest. These sanctions also apply to dual-use items intended for the People's Liberation Army, but, with the exception of high tech transfers, the Department of Commerce generally approves applications for dual-use exports for commercial end-uses. U.S. arms transfer policy towards Taiwan remains un-

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changed. Human rights abuses have caused the United States to restrict arms transfers to Indonesia and Sri Lanka. Indonesia cannot receive small arms and lethal crowd control items, and proposed exports of non-lethal items applicable to crowd control or police work are closely scrutinized.

In order to preserve the existing military balance in Latin America, the United States prohibits transfers of advanced conventional weapons. But the Administration also supports modernizing the Latin American armed forces in a limited and balanced way. In September 1995, the Administration lifted the blanket arms embargo imposed on Peru and Ecuador during border hostilities. Both Ecuador and Peru are now eligible to receive non-lethal FMS items, and the Administration has reinstated its previous policy of considering transfers of lethal weapons on a case-by-case basis. Proposed exports to Guatemala are reviewed on a case-by-case basis, but those involving lethal equipment are closely examined because of human rights concerns.

Next, speakers from the Air Force, Army, and Navy gave their organizations' perspectives on arms transfer objectives. Major General Hale Burr, Jr., Principal Assistant Deputy Under Secretary of the Air Force for International Affairs, noted that the United States faces new challenges in the post-Cold War era: combating WMD proliferation, restraining aggressor states, and combatting threats to emerging democracies and our economic security. The USAF seeks to advance international peace and democratic values through expanding CINC coalition warfare capabilities, building security coalitions, and establishing and sustaining democracies.

Frank S. Besson, Director of Security Assistance for the U.S. Army, remarked that security assistance supports the military's goals of improving the military capabilities of the United States and its allies, promoting democratic ideals, alleviating suffering throughout the world, and enhancing regional stability. The Army has created a new position of Deputy Under Secretary of the Army for In-

ternational Affairs to coordinate the Army's international activities, has established policy oversight for security assistance, and has instituted an action team to define how the Army should implement the CAT policy.

Rear Admiral John W. Snyder, Deputy Director of the Navy International Program Office (Navy IPO), noted that the services' overall expertise and perspective can improve the arms transfer process. Because the U.S. military knows a country's military needs, regional balances of power, and the strengths and weaknesses of armed forces around the world, it should have a substantial role in developing arms transfer policy. As the Navy's expert on technology transfer issues, Navy IPO can contribute to this.

Snyder noted that since European and Israeli defense firms are selling to Latin America while U.S. producers face constraints in these regions, the United States needs to rethink its arms transfer policy for the region. Because U.S. companies must compete against "Buy European" pressures on European contracts, U.S. firms should concentrate on initiating more U.S.-European cooperative programs. As South Africa produces arms and makes large arms purchases, the United States must factor South Africa into its nonproliferation efforts. U.S. arms transfer policy towards the Central European states is still evolving. The CEE countries want U.S. weaponry, but lack of money may force them to settle for European articles.

Shaun Donnelly, EB Deputy Assistant Secretary for Energy, Commodities and Sanctions, noted that the Office of Economic Sanctions Policy coordinates U.S. unilateral economic sanctions within State and with Commerce and Treasury, and the U.S. implementation of U.N. mandated sanctions with Treasury. EB ensures that economic consequences are factored into the arms transfer issues largely handled by PM. State's Coordinator for Business Affairs and EB will be initiating quarterly sessions with industry on economic

sanctions. U.S. companies will continue to face restrictions against trade with Iran until Iran renounces its unacceptable behavior. No changes are foreseen for the multilateral U.N. sanctions against Iraq and Libya or the U.S. sanctions against Cuba.

The afternoon sessions opened with a summary of DTAG activities since the March 1995 plenary meeting. A formal process has been instituted for the DTAG to submit recommendations to the Department, and the COMSAT Task Force and Automated Export System Task Force have used it. The DTAG provided recommendations on the draft Federal Register notice on an exemption for cryptographic products for personal use. Several policy papers were completed, including one on U.S. arms transfer policy towards Latin America Transfer. New task forces were established, including ones on various sections of the ITAR, offsets, and defense export financing. To keep DTAG members informed about the wide range of DTAG activities, DTAG Quarterly Reports will be published.

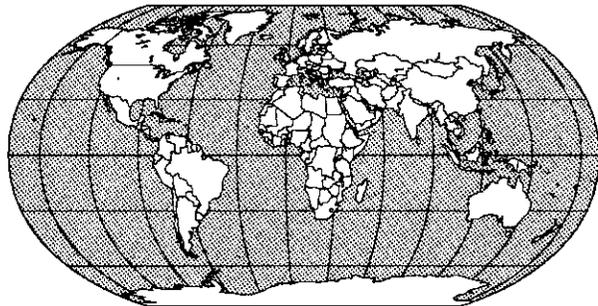
After PM/ATEC's Stephen Geis briefly outlined U.S. policy towards platform upgrades, Vann Van Diepen, Director of the Office of Chemical, Biological and Missile Nonproliferation (PM/CBM), spoke on countries presenting missile/WMD concerns. Bringing new member states into the Missile Technology Control Regime (MTCR) is an important part of multilateral nonproliferation efforts. Russia and South Africa, both significant suppliers, joined recently. Agenda items for the October MTCR plenary meeting included the problems of transshipment points, increased cooperation among member states, and halting specific shipments. In addition, there are plans to review the MTCR Annex.

Assistant Secretary McNamara gave the concluding presentation on the New Forum. The organization's primary goals are to focus on preventing destabilizing buildups by encouraging transparency, holding consultations, and adopting common policies; and to deal firmly with countries of concern (Iran, Iraq, North Korea, and Libya) by restricting trans-

fers of arms and sensitive dual-use technologies. Members will share intelligence on threats and global trends; provide information on transfers of arms and sensitive dual-use articles to countries of concern; and define common approaches, including restraint policies when appropriate.

Even though COCOM has been abolished, controls have not ended. Interim guidance and guidelines on sensitive transfers will remain in place until the New Forum is established. Russia and the Visegrad-Four nations have agreed to the same terms as other participants: They will institute adequate export controls, adhere to the requirements of the nonproliferation regimes, and establish responsible export policies towards pariah states. Specifically, Russia has agreed not to make any new sales to Iran. The organization's Working Groups met in Paris during September - October to complete remaining tasks, including defining procedures and modalities for arms and dual-use exports and compiling lists of the munitions and dual-use items which will be controlled.

Significant obstacles to establishing the New Forum have led individuals to question whether the institution will be able to accomplish its objectives. Assistance Secretary McNamara noted that similar skepticism surrounded the establishment of the MTCR. When the MTCR was being established, some felt that the resources needed to halt WMD proliferation were beyond the range of the United States and other participating nations. Assistance Secretary McNamara conceded that some nations, such as Russia, will face difficulties in controlling unauthorized WMD exports. Nevertheless, he is convinced that over time the value of the New Forum, like the value of the MTCR, will be demonstrated. New Forum member countries may have different perspectives, but they share common goals. ♦



## Country Policy Briefs

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### Angola

On July 28, 1995, President Clinton announced his finding that the furnishing of defense articles and services to the Government of the Republic of Angola will strengthen the security of the United States and promote world peace. On August 22, the President announced the same finding regarding the government of **Mongolia**. 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. [Angola: Vol. 60, *Federal Register*, page 40255 (August 7, 1995); Mongolia: Vol. 60, *Federal Register*, page 50069 (September 28, 1995)].

### Ecuador and Peru

Effective November 13, 1995, it is no longer the policy of the United States to deny all requests for licenses and other approvals to export or otherwise transfer lethal items to Ecuador or Peru. All requests will henceforth be reviewed on a case-by-case basis.

Exports will be evaluated in light of the recent conflict between these countries and the desirability of promoting multilateral restraint in arms transfers to Peru and Ecuador.

The licenses and approvals subject to this policy include those which permit commercial defense and service exports of any kind (e.g. exemptions and licenses and other approvals for licenses for manufacturing, license agreements, technical assistance agreements, and technical data exports) involving Ecuador and Peru under the authority of the Arms Export Control Act. [Vol. 60, *Federal Register*, page 57049 (November 13, 1995)].

### Nigeria

On November 10, 1995, President Clinton announced a ban on the sale and repair of military goods and services to Nigeria. It is thus the policy of the U.S. Government to deny all new, and suspend all previously issued, licenses and other approvals to export or otherwise transfer commercial defense articles and defense services to Nigeria. This action is being taken to underscore the importance the United States attaches to an orderly and timely transition to unhindered elected civilian government, as well as to respect for human rights.

The licenses and approvals subject to this policy include those which permit commercial defense article and service, including repair service, exports of any kind (e.g. licenses and other approvals for manufacturing license agreements, technical assistance agreements, and technical data exports), involving Nigeria, subject to the Arms Export Control Act. [Vol. 60, *Federal Register*, page 66334 (December 21, 1995)]. ♦

# U.S. Customs Report



## Indications of Potential Illegal Exports

The U.S. Customs Service, Office of Investigations, solicits the assistance of private industry and concerned citizens to provide information relating to suspicious circumstances surrounding the acquisition of controlled technology and defense articles. Listed below are some of the possible indicators of an illegal export or diversion:

- The customer is willing to pay cash for a high value order rather than a standard method of payment
- The customer is willing to pay in excess of the market value for a commodity
- The customer is reluctant to provide information on the end use and/or the end user of the commodity
- The end use information provided is incompatible with the customary purpose for which the product is designed
- The final consignee is a trading company, freight forwarder, export company, or other entity with no apparent connection to the purchaser
- The customer appears unfamiliar with the product, its application, support equipment, or performance
- The packaging requirements are inconsistent with the shipping mode or are otherwise unusual

- The customer orders products that do not correspond with its line of business
- The customer has seemingly little or no business background
- The order is placed by firms or individuals from foreign countries other than the country of stated end use
- The order is being shipped via circuitous or economically illogical routing
- The customer declines the normal service, training, and/or installation contracts
- The product is inappropriately or unprofessionally packaged (e.g., odd sized/re-taped boxes, hand lettering in lieu of printing, altered labels, or labels that cover other labels)
- The size and weight of the package does not fit the product described
- "Fragile" or other special markings on the package that are inconsistent with the commodity described

These are just some indicators. As a part of the defense industry, you know your business best and also know when orders, sales, shipments seem out of place, or just not right. The protection of your business, its reputation and ability to continue to operate, should be your first concern, not simply potential sales.

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The U.S. Customs Service, Office of Investigations is willing and prepared to receive any information on potential illegal exports and to assist you when you feel there is suspicious activity occurring. To contact a Special Agent of U.S. Customs applicable phone listing are provided below:

### **NATIONAL - 1 - 800-BE-ALERT**

Exodus	-	202/927-1550	Washington	-	202/927-1540
Atlanta	-	770/994-2240	Baltimore	-	410/962-2620
Boston	-	617/565-7400	Buffalo	-	716/551-4375
Chicago	-	314/353-8450	Denver	-	303/784-6480
Detroit	-	313/226-5700	El Paso	-	915/540-5700
Houston	-	713/985-0500	Los Angeles	-	310/514-6231
Miami	-	305/597-6030	New Orleans	-	504/589-6499
New York	-	212/466-4080	San Antonio	-	210/229-4561
San Diego	-	619/557-6850	San Francisco	-	415/705-4070
San Juan	-	809/729-6975	Seattle	-	206/553-7531
Tampa	-	813/348-1881	Tucson	-	520/670-6421



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## Personnel Updates

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### Out...

Foreign Service Officer **Robert Mosher**, formerly Chief of DTC's Research and Analysis Branch was reassigned to FSI to prepare for his new foreign post appointment.

**John Pisa-Relli**, an attorney in the Compliance Enforcement Branch, resigned from the Department of State in September to assume a position with a private law firm.

DTC Licensing Officer, **Martin O'Mara** departed in September to assume new duties with the Office of Arms Transfer and Export Control Policy.

**MAJ Robert S. Kovac**, a licensing officer responsible for TAAs and MLAs, retired from the Army. He has assumed new duties at DoD as an Export Control Analyst.

Licensing Officer **Sandy Snyder** departed DTC in October 1995 for new responsibilities at DoD as an Export Control Analyst.

Foreign Service Officer **Jefferey Cellars** completed a one-year tour as Special Assistant to the Director of the Office of Defense Trade Controls and Executive Editor of *Defense Trade News and Export Policy Bulletin*. He has assumed new duties in the Bureau of Near Eastern Affairs as a Foreign Service Personnel Officer.

**MAJ Mike Lucas** served as a Defense Trade Analyst, retired in October 1995 from the Army.

### In...

**Lana C. Chumley** joined DTC in September 1995 as Special Assistant to the Director and as Executive Editor of *Defense Trade News and Export Policy Bulletin*. A Foreign Service Officer, Ms. Chumley has served in Mexico, Korea, Nicaragua, the United Kingdom, and State's former Bureau of International Narcotics Matters.

**William L. (Bill) Shelton, Jr.** (Major, USAF) joined DTC in July 1995 as a Defense Trade Analyst. He is a career acquisition officer, having worked on the F-22 Advanced Tactical Fighter and F-16 fighter programs. He comes to us from Project Air Force, RAND, Santa Monica CA, where he was a Research Fellow focusing on Acquisition Reform, Weapon Systems Cost Drivers, and Viability of the Defense Industrial Base. Additionally, he has a technical education as an aeronautical engineer.

**Don Paarlberg** is the new Chief of DTC's Research and Analysis Branch. He is a Foreign Service Officer with previous assignments in Korea, Micronesia, Hong Kong, and Panama, plus the State Department and DOD.

**James B. Allen** joined DTC's Compliance Division in September 1995 as an analyst. A Foreign Service Officer, he has served in San Salvador, Cape Town; Naples, Italy; and Mexico City, as well as State's Bureau of Intelligence and Research and Bureau of Consular Affairs.

**MAJ Bill Wade** joined DTC in November 1995 and serves as a Defense Trade Analyst. An Army aviator, Bill comes to DTC from an assignment as the Deputy Assistant Chief of Staff, Information Management for the 19th TAACOM in Taegu, Korea.

**MAJ Jim Bagwell** serves in DTC as a Defense Trade Analyst. An Army aviator, MAJ Bagwell's most recent assignment was as company commander for B company (Au Assault/UH-60) 1-501 Aviation Regiment at Camp Humphreys, Korea.



## Office of Defense Trade Controls Customer Service Survey

The Office of Defense Trade Controls would like your opinion on the attached Customer Service Plan and your perception of the service you have received from our office. Please mail or fax your response to the address at the bottom of the survey by July 31, 1996. We also request that registrants/applicants only submit a single response.

<p>1. How would you rate the Office of Defense Trade Controls' (DTC's) customer service standards?</p> <p><input type="checkbox"/> Excellent                      <input type="checkbox"/> Fair <input type="checkbox"/> Very Good                      <input type="checkbox"/> Poor <input type="checkbox"/> Good</p>	<p>2. Do you feel DTC meets its customer service standards?</p> <p><input type="checkbox"/> Yes, definitely <input type="checkbox"/> Yes, somewhat <input type="checkbox"/> No</p>
<p>3. From what unit within DTC have you received service?</p> <p><input type="checkbox"/> Licensing                      <input type="checkbox"/> Administration <input type="checkbox"/> Registration                      <input type="checkbox"/> Computer Services <input type="checkbox"/> Compliance</p>	<p>4. Have you found the person (s) who assisted you at DTC knowledgeable?</p> <p><input type="checkbox"/> Yes <input type="checkbox"/> No <input type="checkbox"/> Not applicable</p>
<p>4a. How knowledgeable did you find the person (s) at DTC?</p> <p><input type="checkbox"/> Very knowledgeable      <input type="checkbox"/> Somewhat knowledgeable <input type="checkbox"/> Knowledgeable              <input type="checkbox"/> Not knowledgeable</p>	<p>5. Was the service completed?</p> <p><input type="checkbox"/> Sooner than expected      <input type="checkbox"/> As expected <input type="checkbox"/> Later than expected</p>
<p>6. Were you treated in a courteous and professional manner by DTC personnel?</p> <p><input type="checkbox"/> Yes                              <input type="checkbox"/> Not applicable <input type="checkbox"/> No</p>	<p>7. Is there any issue you feel needs to be reviewed in DTC's Customer Service Plan? Identify the issue.</p> <p><input type="checkbox"/> Yes                              <input type="checkbox"/> No</p>
<p>8. Do you feel DTC's Customer Service Plan is complete?</p> <p><input type="checkbox"/> Yes                              <input type="checkbox"/> No</p>	<p>8a. If no, please state the issue (s) that have not been addressed.</p>
<p>9. Are you aware of other agencies offering like or similar service? Identify the agency and service.</p> <p><input type="checkbox"/> Yes                              <input type="checkbox"/> No</p>	<p>10. Have you sought services from an agency that offers like or similar service? Identify the agency and service.</p> <p><input type="checkbox"/> Yes                              <input type="checkbox"/> No</p>
<p>11. From what other government agency/offices have you sought services?</p>	<p>12. How does DTC rate against other government offices in the area of customer service?</p> <p><input type="checkbox"/> Better than others              <input type="checkbox"/> Worse than others <input type="checkbox"/> Same as others</p>

Mail to: Office of Defense Trade Controls  
Customer Service Survey  
PM/DTC, Room 200, SA-6  
Washington, D.C. 20522-0602

Fax Number: (703) 875-6647

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# DTC's Customer Service Plan

## *Commitment to Our Customers*

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*In accordance with the Administration's National Performance Review, all Federal agencies that provide significant services directly to the public are required to publish a customer service plan.*

*The plan below explains DTC's mission, services DTC provides, and DTC's commitment to quality. As a part of our continuing effort to provide quality service, DTC will periodically survey the community it serves.*

### **Our Mission**

The Office of Defense Trade Controls, in accordance with Sections 38-40 of the Arms Export Control Act (AECA or 22 U.S.C. 2778) and the International Traffic in Arms Regulations (ITAR), controls the permanent and temporary export and temporary import of defense articles and defense services by taking final action on license applications and other requests for approval for defense trade exports and retransfers, and handling matters related to defense trade compliance, enforcement and reporting.

### **Service to Customers**

In order to promote world peace, further U.S. foreign policy and national security interests, and facilitate legitimate export of commodities and services covered by the U.S. Munitions List and to facilitate the best customer service possible DTC is committed to:

- Providing timely, professional, knowledgeable, and courteous service to customers seeking guidance on registration, making applications for a defense export license or other approvals, requesting the status of specific licensing cases, or seeking guidance regarding compliance with export law and regulations.

- Taking initial action on all license applications (approve, disapprove, return without action, or coordinate with other offices) within 10 working days of receipt.

- Informing each registered individual and company with timely information on the status of their license application. For persons who do not have electronic access to the DTC (system) timely telephone responses are provided. Telephone inquiries are responded to by a responsible officer within 24 hours of receipt.

- Providing timely and authoritative guidance to the U.S. defense industry regarding export policies, procedures, and practices, based on interpretation of the International Traffic in Arms Regulations (ITAR), the Arms Export Control Act (AECA) and other pertinent laws, national interests, and multinational agreements or arrangements. This includes the presentation of and participation in organized seminars, in-house training, and other public outreach efforts, such as the *Defense Trade News*.

- Enhancing automated data processing to facilitate the electronic handling of requests for licenses and other approvals and to increase responsiveness to U.S. government requests for assistance.

- Ensuring proper compliance with U.S. regulations, effective investigative and prosecutorial enforcement actions, as well as administrative procedural follow-up against violators of the AECA and the ITAR.

- Surveying customer satisfaction periodically to solicit suggestions for improving DTC services.

### **Commitment to Quality**

The Office of Defense Trade Controls recognizes its responsibility to the American public and other governmental offices to provide the finest service possible at all times. As part of DTC's quest for improvement, the office uses an analytical approach, with statistical methods and other problemsolving tools, to accomplish its licensing and compliance missions. ♦

## Questions For the Forum

### *Readers Inquiries*

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The office of Defense Trade Controls will answer selected questions regarding export policies or procedures in the *Defense Trade News and Export Policy Bulletin*. Please make your question(s) as concise and focussed as possible. **Simply print or type your question(s) in the space below and mail it to DTC (Attn: Question and Answer Forum) or fax it to (703) 875-5663.** We look forward to hearing from you.

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Question(s):

1. \_\_\_\_\_

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2. \_\_\_\_\_

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3. \_\_\_\_\_

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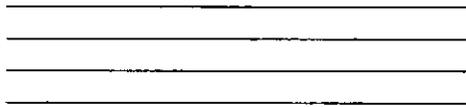
4. \_\_\_\_\_

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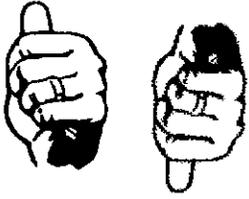
\_\_\_\_\_

*Tape Edge Before Mailing*



Place  
Return  
Postage  
Here

**Question and Answer Forum**  
PM/DTC, SA-6, Room 200  
Office of Defense Trade Controls  
Bureau of Political-Military Affairs  
U.S. Department of State  
Washington, D.C. 20522-0602



## Feedback

5. Licensing procedures
6. Regulatory and legal issues
7. Licensing case studies
8. Compliance case studies
9. Other (please explain in Comments)

Comments:

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**We welcome lengthier comments,  
suggestions, and criticism.**

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

1. Your organization is a...

1. Manufacturer
2. Exporter
3. Consulting or law firm
4. Freight Forwarder
5. U.S. Embassy or Consulate
6. U.S. Customs element
7. U.S. DOD/Military element
8. Other U.S. Government element
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.     people

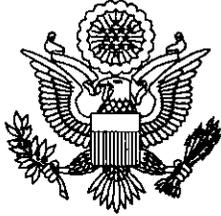
3-15     se rate the **usefulness** of each article on a scale of 1 (worst) to 5 (best). Rate as "0" articles you did not read.

16-28. Rate **readability** (style and physical presentation) on a scale of 1 (worst) to 5 (best); rate as "0" articles you did not read.

29-31. Please circle the numbers of the **three** topics you would most like to see covered.

1. Defense trade policy
2. Non-defense trade policy
3. Country-specific trade issues
4. Trade legislation





## Log onto ELLIE State's Electronic License Entry System

The State Department's Office of Defense Trade Controls (DTC) now offers on-line electronic license submission via *ELLIE*, the *Electronic License Entry System*. Since its inception in late 1993, ELLIE has processed over 2000 applications. Having successfully completed the pilot stage of the project, DTC has gradually increased the number of companies participating in the ELLIE program to over 300.

**ELLIE is a free service.** To use ELLIE, you must have access to DTC's Remote On-line Bulletin Board (*ROBB*). Access to ROBB and ELLIE requires a PC, a modem, and communications software, which your firm may already possess.

**To sign up for ELLIE, please mail this application to DTC (Attn: Computer Support Staff) or fax it to (703) 875-5663.**

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TO: Director, Computer Support Staff, Office of Defense Trade Controls  
FAX: (703) 875-5663

FROM: \_\_\_\_\_  
(Company Name)

We would like to sign up to submit license applications electronically via ELLIE.

We do/do not already use ROBB.

Our firm submits approximately \_\_\_\_\_ license applications to DTC per year.

DTC Registration Code \_\_\_\_\_

Address \_\_\_\_\_

City, State, ZIP \_\_\_\_\_

Point of Contact for ELLIE \_\_\_\_\_

Phone ( ) \_\_\_\_\_ Fax ( ) \_\_\_\_\_





# Sign Up for State Department Export Licensing Training

The State Department's Office of Defense Trade Controls (DTC) can design a seminar on export licensing policies and procedures with your specific needs in mind. We hold our seminars at our office in Arlington, Virginia, minutes from the District of Columbia.

We normally hold four half-day seminars per year, combining participants from different firms, with attendance limited to 30. We encourage small companies to apply. **To sign up, please mail this application to DTC (Attn: Training Seminars Coordinator) or fax it to (703) 875-6647.**

TO: Training Seminars Coordinator, Office of Defense Trade Controls  
FAX: (703) 875-6647

FROM: \_\_\_\_\_  
(Company Name)

We would like to send attendees to a seminar including training on these topics:

- |  |  |
|--|--|
| <input type="checkbox"/> Completion of Applications      | <input type="checkbox"/> Registration Requirements       |
| <input type="checkbox"/> Country Licensing Policies      | <input type="checkbox"/> Congressional Requirements      |
| <input type="checkbox"/> Proscribed Country Requirements | <input type="checkbox"/> Agreement Requirements          |
| <input type="checkbox"/> U.S. Customs EXODUS Program     | <input type="checkbox"/> Commodity Jurisdiction Requests |
| <input type="checkbox"/> Processing of Requests          | <input type="checkbox"/> Licensing Foreign Nationals     |

Other subject areas we would like covered \_\_\_\_\_

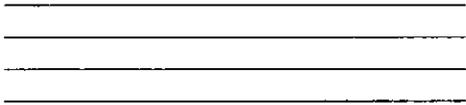
Number wishing to attend: \_\_\_\_\_

Primary U.S. Munitions List categories of defense articles, services, and/or technical data with which our firm deals: 1. \_\_\_\_\_ 2. \_\_\_\_\_ 3. \_\_\_\_\_ 4. \_\_\_\_\_

Our attendees would/would not be interested in briefing DTC about our products and services.

DTC Registration Code \_\_\_\_\_  
Address \_\_\_\_\_  
City, State, ZIP \_\_\_\_\_  
Point of Contact for Training \_\_\_\_\_  
Phone (     ) \_\_\_\_\_ Fax (     ) \_\_\_\_\_

*Tape Edge Before Mailing*



Place  
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Here

**Training Seminars**

PM/DTC, SA-6, Room 200  
Office of Defense Trade Controls  
Bureau of Political-Military Affairs  
U.S. Department of State  
Washington, D.C. 20522-0602





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## Contacting the Office of Defense Trade Controls

### Postal Address

Office of Defense Trade Controls  
Bureau of Political-Military Affairs  
SA-6, Room 200  
U.S. Department of State  
Washington, D.C. 20522-0602

### Express Mail/Courier Delivery Address

Office of Defense Trade Controls  
Bureau of Political-Military Affairs  
SA-6, Room 200  
U.S. Department of State  
Washington, D.C. 20522-0602  
**(Deliver to Main Department of State Bldg.  
2201 C Street, NW  
Use 21st Street "Joggers' Entrance")**

### Fax Numbers

Director; Licensing Division;  
*Defense Trade News:* (703) 875-6647  
Compliance Division;  
Computer Support Staff: (703) 875-5663

### General Telephone Numbers

General Information: (703) 875-6644  
Office Director & Deputies: (703) 875-7050  
*Defense Trade News:* (703) 875-5671  
Licensing Division: (703) 875-6644  
Registration/Compliance: (703) 875-6650  
Commodity Jurisdiction: (703) 875-5655

### Status Inquiry Telephone Numbers

Case Status Inquiries: (703) 875-6652  
Congressional Case Status: (703) 875-6641  
Automated License  
Status System (ALISS): (703) 875-7374  
Remote On-Line  
Bulletin Board (ROBB): (703) 875-6650

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## Contacting the Deputy Assistant Secretary for Export Controls

Deputy Assistant Secretary for Export Controls  
Bureau of Political-Military Affairs  
PM, Room 7325A  
U.S. Department of State  
Washington, D.C. 20520-7325

## Contacting the Office of Export Control Policy

Office of Export Control Policy  
Bureau of Political-Military Affairs  
PM/EXP, Room 2242  
U.S. Department of State  
Washington, D.C. 20520-2242

Telephone (202) 647-4231  
Fax (202) 647-4232

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## Ordering Forms and Regulations

To order license application forms, write the Office of Defense Trade Controls or fax (703) 875-6647. Please mark your message "**Attn: Forms.**" Specify the type and quantity of forms needed, and provide a phone number and point of contact along with your address. To order a copy of the International Traffic in Arms Regulations, call the Government Printing Office at (202) 783-3238 from 8:00 - 4:00 EST; cite stock number 069-001-000-58-1. Please note that DTC does not distribute the ITAR and GPO does not carry application forms.

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*DEFENSE TRADE NEWS*  
United States Department of State  
Washington, D.C. 20522-0602

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