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Export Control Reform Rules Poised for Publication

A set of final regulations to implement the Obama administration's export control reforms and the first transfer of the items from the U.S. Munitions List (USML) to the Commerce Control List (CCL) could be published by the end of April, even the week of April 15. Issuance of the rules comes as the 30-day clock for congressional review of the list changes has run out and agency officials have rushed to modify the regulations based on congressional concerns. Administration officials will have a chance to explain the final rules and reform plans at a hearing the House Foreign Affairs Committee plans to hold at the end of April or in early May, perhaps as soon as the week of April 22.

The review clock started ticking when State sent House and Senate committees notice of the proposed list changes March 7 (see **WTTL**, March 18, page 1). Since then, congressional staffs and administration officials have exchanged questions and answers about the proposals.

As a result of these consultations, some minor changes may have been made in the final rules, which might account for any delay in their publication. "There were a few outstanding issues, but nothing fundamental," one congressional source told **WTTL**. The last questions were "legal and technical in nature," he said. While the Foreign Affairs hearing may address many of the changes in the export controls, it is mainly intended to be "export controls 101," he said, noting the large number of new members on the committee who have never dealt with export control issues before.

It is still uncertain whether State and the Bureau of Industry and Security (BIS) will wait until after the hearing to publish the final rules. "The committee would hope the administration would apply the rule of reason and allow a little more time to make sure all the questions are responded to," another source said. "It would not be a deal killer, if they didn't. We are just trying to understand the details," he added. "It would be prudent for the administration to provide some flexibility for the timetable," he said.

Warnings Raised about WTO Ministerial in Bali

It seems never too early to forecast doom for World Trade Organization (WTO) trade negotiations, and a meeting of the Trade Negotiations Committee (TNC) in Geneva April 11 heard warnings that the WTO's next ministerial conference in Bali, Indonesia, could

fail due to lack of progress on key agenda items. The warnings came in statements by WTO Director-General Pascal Lamy and Deputy U.S. Trade Representative (USTR) Michael Punke, among others. The warnings dealt with three issues rescued from the Doha Round and supposed to be “deliverables” at the Dec. 3-6 meeting in Bali: trade facilitation, agriculture and special-and-differential (SD) treatment for less developed countries. “Assuming my diagnosis is right, the stark reality is that the current pace of work is largely insufficient to deliver successfully in Bali,” Lamy told the TNC.

Punke’s assessment was even more dire. “The picture is grim,” he declared. In the trade facilitation talks “we watched key players support converging positions one week, then step away from the same position the next - a waste of precious time that calls into question the utility of weeks worth of labor,” he said (see **WTTL**, March 11, page 7).

Punke repeated his previous complaints about a proposal from developing countries known as the G-33 to permit farm subsidies to pay for stockpiling food as part of food security goals. “Instead of creating new disciplines to reduce agriculture subsidies, the G-33 proposal represents a step back from existing Uruguay Round disciplines – creating a new loophole for potentially unlimited trade-distorting subsidies,” he said.

To get talks back on track, Lamy will begin holding so-called “green room” meetings with small groups of WTO members. “As Chair, I intend to convene green room meetings every fortnight to look horizontally at progress in the three areas and engage in negotiating substance,” he told the TNC. The first meetings will be May 1 and 14, he said. “While some progress has been made in all three areas, there is an urgent need to re-double our efforts and close the gaps, in what are key elements of the developmental component of our ongoing work,” Lamy said. “Although the odds are not bright today, they are still good enough to warrant a major effort,” he said.

EU Proposal Would Allow Self-Initiation of Trade Cases

The European Commission, the executive branch of the European Union (EU), proposed changes to EU antidumping and countervailing duty regulations April 10 to permit the commission to self-initiate trade complaints when European companies are afraid to file a case due to fear of retaliation. The proposal is part of a package of measures submitted to the European Parliament to revise so-called “trade defense instruments” (TDI) and reflects the results from a multi-year review of the rules and the release last year of a 506-page evaluation of the regulations (see **WTTL**, May 14, 2012, page 2).

“The public consultation has confirmed that there is a problem of retaliation against some EU producers who intend to lodge a complaint requesting the initiation of anti-dumping or antisubsidy investigations,” the commission told the parliament. “The way forward is that the Commission opens, where possible, an ex-officio investigation in case Union producers are exposed to threats of retaliation and if there is sufficient prima facie evidence of injurious dumping/subsidization,” it said.

“The evidence required at the initiation of an ex-officio case has to be of the same standard as that for the initiation of an investigation following an application by the EU industry,” it said. To assure that the commission would have access to adequate data for

the investigation, the proposal also would require EU firms to cooperate in the investigations. “The obligation to cooperate comprises the duty to reply to the questionnaire that will be sent to the parties at the beginning of such investigations and to accept on-the-spot verification of its questionnaire reply by Commission officials,” the proposal explains. Details of information obtained would remain confidential, it said.

Among other proposed changes are provisions to allow the commission to self-initiate circumvention investigations and to revise the “lesser-duty” rule in EU regulations when it is determined a third-country has interfered in raw materials trade for the benefit of downstream users. “It does not seem appropriate that such producers benefit from the lesser-duty rule under the EU’s TDI system if they themselves benefit from structural raw material distortions,” the proposal argued.

“The current law does not contain any provision that would discourage third country governments and economic operators from engaging in such practices. Therefore, it is proposed not to apply the lesser-duty rule: on a country-wide basis in cases of subsidization [and] on a country-wide basis in cases of structural raw material distortions,” the proposal stated.

The proposal also aims to increase transparency in trade cases, including giving parties advance notice of orders to allow time for challenging ministerial errors before the orders are published and when a negative determination is made. Another change would reimburse duties collected during administrative reviews, which the EU calls “expiry review investigations,” if the investigation does not result in a renewal of the measures. “Such reimbursement will only be granted upon application to national customs authorities and will not include interest. While creating an additional administrative burden, it is not reasonable to hold operators liable for additional duties after formal expiry of the measure if there is no longer evidence to support renewal of the measure,” the commission explained.

Philips Pays \$4.5 Million for Bribing Polish Officials

The Securities and Exchange Commission (SEC) April 5 ordered Koninklijke Philips Electronics N.V. (Philips) to disgorge \$3,120,597 plus prejudgment interest of \$1,394,581 for violating the books and records and internal controls provisions of Foreign Corrupt Practices Act (FCPA) through its operations in Poland. The violations relate to improper payments made by employees of Philips Polska (Philips Poland) to Polish healthcare officials from at least 1999 through 2007.

“Employees of Philips Poland made improper payments to healthcare officials in Poland to increase the likelihood that Philips would be awarded public tenders to sell medical equipment to Polish healthcare facilities,” the SEC said. “The payments were improperly recorded in Philip’s books and records as legitimate expenses. Philips Poland employees also utilized falsified records to support the false accounting entries,” the SEC order noted.

According to the SEC order, Philips “acknowledges that the Commission is not imposing a civil penalty based upon its cooperation in a Commission investigation and

related enforcement action.” If in the future, however, if the SEC enforcement division “obtains information indicating that Respondent knowingly provided materially false or misleading information or materials to the Commission or in a related proceeding, the Division may, at its sole discretion and without prior notice to the Respondent, petition the Commission to reopen this matter and seek an order directing that the Respondent pay a civil penalty,” SEC stated.

Philips accepted the cease-and-desist order and disgorgement, which was based on its own investigation, the company said. “In connection with an indictment issued by authorities in Poland in December 2009 against numerous individuals, including three former employees of Philips Healthcare in Poland, involved in the sale of medical equipment to hospitals in Poland, Philips has been conducting a review of certain activities related to sales of medical equipment for potential violations of the U.S. Foreign Corrupt Practices Act (FCPA),” Amy Shanler, Philips’ director, public and media relations, said in an email to WTTL.

“In early 2010, Philips self-reported this internal investigation to the staff of U.S. Department of Justice (DoJ) and the U.S. Securities and Exchange Commission (SEC). As the investigation progressed, Philips shared the results of the investigation with the SEC and undertook significant remedial measures,” she wrote. “As part of the remedial measures, Philips terminated and disciplined several Philips Poland employees and installed new management at Philips Healthcare in Poland. Philips has also taken additional measures to reinforce its internal controls,” Shanler added.

These measures include: standard guidelines for anti-corruption due diligence procedure for the selection of dealers, agents and distributors; company-wide anti-corruption training program; and inventory of dealers/agents/distributors: risk-based, sector-specific processes have been developed for inventorying current agents and distributors, including contracts (terms of agreement) and policies for commission payment and supervision thereof, she noted.

U.S., Japan Bilateral Agreement Could Delay TPP Talks

A U.S. and Japan agreement announced April 12 on Tokyo’s participation in the Trans-Pacific Partnership (TPP) talks could further delay completion of TPP negotiations beyond the already questionable end of 2013 goal. As part of the wide-ranging agreement that allowed the U.S. to agree to Japan’s entry into the talks, the two countries said they would hold parallel negotiations on auto trade, insurance and numerous Japanese non-tariff measures (NTM), with the aim of completing those separate talks at the same time the TPP concludes and incorporating the results into the TPP.

The agreement doesn’t specifically address agriculture issues, although it will include some agriculture-related sanitary and phytosanitary concerns as part of the NTM talks. Japan’s participation in the TPP still requires the consent of the 10 other countries in the talks.

How much the parallel negotiations will delay the TPP still isn’t clear. Sources at the USTR’s office claim TPP members can complete negotiations without Japan. “However, Japan’s objective is to be part of TPP, which is why they have been consulting

bilaterally with the current TPP members. So, we believe that we can work with them to successfully complete all necessary work,” one source said. In a conference call with reporters, Acting USTR Demetrios Marantis tried to explain how the parallel bilateral talks will intersect with TPP negotiations at the end of the day.

“We are going to have the TPP negotiations, and then in parallel a set of auto negotiations and a set of NTM negotiations and these will all proceed with respect to the same timing; meaning that we will not close with Japan on TPP unless we are able to close on all of these issues, the auto issues, the NTM issues, and TPP. That understanding has been made very clear to our counterparts in Japan,” Marantis said. “We have a lot of work to do with Japan in the areas of autos, NTMs and on our market access negotiations generally with TPP, and we will close all of those at the same time,” he added.

One former USTR official told WTTL he remains skeptical about Washington’s ability to negotiate a deal with Japan as part of the TPP given the difficult history of U.S.-Japan trade talks over the last 30 years. He conceded, however, that this time might be different. “Japan wants to be in the TPP; it needs to be in the TPP,” he said. One industry representative also noted how Japan’s participation will change the TPP talks. “A free trade agreement with Japan would be a big deal,” he said. “This is the first time the U.S. has negotiated an FTA with an equal,” he added.

While many industry groups and members of Congress expressed support for the deal, Rep. Sander Levin (D-Mich.), ranking member of the House Ways and Means committee, said it doesn’t adequately address the concerns of U.S. auto companies and workers. “The package announced by the administration after consultation with Japan does not provide an adequate basis for Japan’s entry into the Trans-Pacific Partnership,” Levin said in a statement. Although Japan has agreed to raise the preferential-treatment quota for auto imports to 5000 from 2000 per year, Levin was not impressed.

“The unilateral low volume increase of 3000 cars is a meaningless gesture by the Japanese given all of the other obstacles to U.S. exports in their market. Indeed, the impenetrability from those obstacles is reflected in the fact that U.S. automakers have not even been fully utilizing the existing quota,” he said. In 2012, the U.S. exported \$962 million in passenger cars to Japan and imported \$37.8 billion’s worth. Truck exports to Japan last year reached just \$51 million, while truck imports topped \$689 million. These figures don’t count Japanese-brand vehicles from Mexico and Canada.

Sources in the insurance industry praised Japan’s promise not to approve Japan Post’s entry into the cancer insurance or stand-alone health insurance sector until it determines that equivalent conditions of competition with private sector insurance suppliers have been established. This has been a goal of U.S. insurers for several years. Brad Smith, international relations director at the American Council of Life Insurers, singled out Assistant USTR for Japan and Korea Wendy Cutler for special praise, calling her an “ideal negotiator.”

Before the announcement, several farm groups and companies had already scheduled a press conference for April 15 to announce their support for Japan entering the TPP talks. Although the agreement doesn’t address farm issues such as rice, fruits and vegetables and beef, agriculture sources said they were pleased that Japan has agreed

to put all these issues on the table for negotiations. “That is something we haven’t had before,” one industry representative said. He also noted that U.S. farmers export more than \$14 billion in food to Japan annual, including wheat and corn. “The Japanese take what they want,” he said.

CIT Rejects Use of “Minuscule” Data to Set Dumping Rate

Commerce can’t use a “minuscule” set of sales data to calculate an “adverse facts available” (AFA) dumping rate, Court of International Trade (CIT) Judge Jane Restani ruled April 5, remanding for the second time the International Trade Administration’s (ITA) administrative review of the antidumping order on wooden bedroom furniture from China. At the same time, she upheld Commerce’s justification for using zeroing in the review and its use of more appropriate surrogate wage data based on her previous remand instructions (see **WTTL**, June 11, page 4). She rejected a request by Fairmont Design Furniture, one of the Chinese respondents in the case, to stay her decision on zeroing to await a pending Court of Appeals for the Federal Circuit decision on the controversial methodology.

“Because the selected margins are based on a minuscule percentage of sales that are insufficient to link the high margins to Fairmont’s commercial reality and because the vast majority of the data on the record indicates a significantly lower margin, Commerce’s choice is not supported by substantial evidence,” Restani wrote.

“The use of Fairmont’s own data and Commerce’s reliance on case law does not obviate the necessity of Commerce to provide substantial evidence to demonstrate a rational relationship between the AFA rates chosen and a reasonably accurate estimate of Fairmont’s actual rate,” she ruled in *Dongguan Sunrise Furniture Co. v. U.S.*

“The record evidence in the instant case demonstrates that the selected margins, ranging from 134% to 215%, do not reflect Fairmont’s commercial reality and are not reasonably accurate estimates of Fairmont’s actual dumping rate for the unreported sales,” she added. “Fairmont cooperated by reporting data for the vast majority of its sales of subject merchandise during the period of review and received a rate for its reported sales in the range of 34%. A calculated rate of 34% for Fairmont’s reported sales suggests that rates ranging from 134% to over 215% are not reflective of Fairmont’s commercial reality, especially when there is no indication that Fairmont failed to report certain sales for strategic reasons,” Restani noted.

Africans Complain about WTO Director-General Process

African officials complained April 12 about the WTO process for selecting the organization’s next director-general and the decision to eliminate both African candidates from the list of finalists for the post. WTO members have agreed to cut the list to five names from nine, dropping the two candidates from Africa, Amina Mohamed of Kenya and Alan John Kwadwo Kyerematen of Ghana. Also eliminated from the running were candidates from Jordan and Costa Rica (see **WTTL**, Feb. 4, page 2). The process was “grossly flawed,” a Kenyan representative said during the meeting of heads of delegations, a view shared by an official from Ghana. While

Jordan, Ghana and Costa Rica voluntarily withdrew their candidates, Kenya didn't, and it remains unclear what Mohamed's status might be. The results were "clear and unambiguous," Shahid Bashir, the chairman of the WTO General Council, said in his prepared remarks to the meeting. The five candidates left in contention for the post are Tim Groser of New Zealand, Roberto Carvalho de Azevedo of Brazil, Taeho Bark of South Korea, Herminio Blanco of Mexico and Mari Elka Pangestu of Indonesia.

While delegations were asked to name the top four choices, some insisted on naming five and some submitted fewer names, a trade official said. Kenya told the meeting that allowing delegations to submit five preferences "impacted significantly on the outcome of the consultation process." The "vast majority" of delegations had four preferences, said Bashir, who is Pakistan's ambassador to the WTO.

There appears to have been division among African delegations over a single candidate from the region. Some African officials thought the way the Ghanaian candidate was chosen was kind of "bizarre" and "not very well done," a trade executive said. Some also believe he wasn't the best candidate that could have been floated, he said. But Mohamed's performance when introduced to the WTO membership in January was "surprisingly bad," although most people who have worked with her are quite supportive, he said.

The second round in the selection process will begin on April 16 and will continue through April 24. Three candidates "will be expected to withdraw in the second round," Bashir said. "We strongly urge, and expect, each member to express two preferences -- not more, not less -- in this round," he said. There are two factors in play, a trade official said, referring to geographic support and support across the development spectrum.

U.S., Guatemala Agree to Labor Rights Enforcement Plan

After five years of negotiations, dispute settlement and arbitral panels, the USTR's office and Labor Department have agreed with Guatemala to an 18-point plan to improve labor law enforcement in the Central American country, U.S. officials announced April 11. The AFL-CIO and six Guatemalan worker organizations originally complained about labor conditions in Guatemala under the Dominican Republic-Central America-U.S. Free Trade Agreement (CAFTA-DR) in April 2008, alleging that the country violated its obligation to enforce its labor laws effectively.

After three years of consultations and a meeting of the CAFTA-DR Free Trade Commission, the U.S. requested establishment of an arbitral panel in August 2011 (see **WTTL**, Aug. 15, 2011, page 2). The panel's review was suspended, while the two countries continued negotiating an agreement on an enforcement plan, USTR noted.

The case is the first labor case the U.S. has brought to dispute settlement under a trade agreement. "This landmark agreement with Guatemala demonstrates that, by using the tools in our trade agreements, we can achieve tangible and concrete commitments that will improve the daily lives of workers in Guatemala and ensure a level playing field for American workers upon its implementation," said Acting USTR

Demetrios Marantis. The agreement “represents a crucial first step in addressing the egregious worker rights violations facing Guatemalan workers, and we look forward to working closely with our government and with our union colleagues in Guatemala to ensure that it is implemented effectively, transparently, and thoroughly,” said Cathy Feingold, AFL-CIO International Department Director, in a statement. Nonetheless, Feingold still had concerns about the deal.

“While the Labor Action Plan includes a broad set of proposed changes, the plan does not provide the Ministry of Labor with the authority to sanction companies that violate labor rights,” she said. “Without that authority, the Ministry will only be able to issue recommendations for corporate fines, which traditionally have gone unpaid with no penalty. Leaving this power to sanction in the hands of the courts will only delay justice, as cases wind slowly through the courts,” Feingold noted.

White House Still Wants to Consolidate Trade Functions

Along with releasing President Obama’s proposed budget for fiscal 2014 April 10, the White House also issued a statement reaffirming the president’s goal of consolidating all trade promoting, negotiating and financing activities into a new single department. “As the president indicated in 2012, if he is given presidential reorganization authority, his first proposal would be to consolidate a number of agencies and programs into a new department with a focused mission to foster economic growth and spur job creation,” said a White House paper titled, *Creating a 21st Century Government*.

While waiting for that authority, however, the budget, which covers the fiscal year starting Oct. 1, 2013, still has separate line items for existing departments and agencies. It proposes spending \$520 million (+14%) for ITA, including a breakout for the first time of \$91 million for trade enforcement and compliance; \$112 million for BIS, up from \$102 million in 2012; and an increase to \$57 million for USTR from \$53 million.

The budget would increase the Export-Import Bank’s staff to 436 from 390. It estimates Ex-Im will finance \$42.7 billion in exports, compared to the \$38.5 billion it aided in 2012 and will return \$972.1 million in excess earnings to Treasury. The proposed new department would include Commerce’s core business and trade functions, the Small Business Administration, USTR, Ex-Im, the Overseas Private Investment Corporation and the U.S. Trade and Development Agency. It would bring in Agriculture’s business development programs, Treasury’s Community Development Financial Institutions Fund, the National Science Foundation’s statistical agency and industry partnership programs, and Labor’s Bureau of Labor Statistics. It would move Commerce’s National Oceanic and Atmospheric Administration to Interior.

Optimism and Caution Seen Ahead of U.S.-EU Trade Talks

Now that the Obama administration has officially notified Congress of its intent to negotiate a trade and investment partnership with the European Union (EU), large international corporations are lining up in support. Ahead of the talks, administration officials and members of Congress admit there will be challenges. “We all know that

this is going to be a difficult task, but we all also know we all share the same goal of negotiating a high-standard, comprehensive agreement that will seek to eliminate all tariffs, that will seek to address the thorny issues that we haven't been able to address in the transatlantic relationship in years, dealing with difficult regulatory issues, difficult agriculture issues," said Acting USTR Demetrios Marantis April 10 at an event officially launching the Business Coalition for Transatlantic Trade (BCTT).

At the event, Ways and Means Committee Ranking Member Sander Levin (D-Mich.) voiced a "note of optimism, but a slight note of caution" about the talks. "Trade agreements never keep their timetable," he said. "One reason is because the timetables are often artificial and so we set a timeline that is not consistent with the problems that we face," Levin said. BCTT has 14 "corporate cochairs," including GE, IBM, Ford, Johnson & Johnson and Intel, as well as eight partner associations, including the U.S. Chamber of Commerce and National Association of Manufacturers.

Industry Offers Own Fast-Track Legislation Plan

Long before congressional committees and Obama administration officials start talking about new legislation to grant the president fast-track negotiating authority, also known as trade promotion authority (TPA), an industry group has offered a draft of what it wants in the bill. This is the second time the National Foreign Trade Council (NFTC) has issued a draft fast-track bill with the business community's goals for trade talks. "Our draft legislation includes new negotiating objectives that address the challenges and realities of today's global trading system, including forced localization, cross-border data flows and intellectual property rights, just to name a few," said NFTC President Bill Reinsch.

The draft measure also continues to include provisions from previous fast-track legislation seeking to ensure high levels of environmental protection and respect for fundamental labor rights. Other goals would aim to have regulations that are coherent, science-based and arrived at transparently.

The bill would cover trade deals reached between June 30, 2013 and June 1, 2018 and would allow the president to extend fast-track for five-year periods after that if he sends Congress notification and Congress does not pass a resolution of disapproval. The legislation recognizes that global trade talks no longer are just multilateral or bilateral but have switched to plurilateral sectorial and regional negotiations. As result, future deals would apply only to those countries that have agreed to these pacts rather than on a most-favored-nation basis for all WTO members.

The draft bill would "encourage WTO Members to pursue alternatives that will enable further trade liberalization through the development of a two-track structure that allows nations willing to agree to greater liberalization, rules, and disciplines, including on a sectoral basis, to do so and to apply such benefits on a reciprocal basis rather than as part of a 'single undertaking' while leaving open the possibility for other WTO Members to join in the initial agreements later through a transparent accession process." Another objective would aim at ensuring that "U.S. suppliers of goods, services, and technology can gain access to and take full advantage of global supply and distribution chains that have become a competitive necessity for U.S. firms

“serving U.S. and world markets.” The draft also addresses exchange rates, making an objective of negotiations an agreement that “participants in the global trading system refrain from exchange rate policies to achieve competitive advantage by either weakening their currency value contrary to market conditions or preventing appreciation of an undervalued currency, and provide for measures that alleviate the distortion of trade caused by such policies.”

* * * **Briefs** * * *

STATE: Assistant Secretary of State for Political-Military Affairs Andrew Shapiro is leaving post April 19. He has not yet announced his future plans, State official said.

AUSTRALIA: DDTC published amendments to ITAR to implement U.S.-Australia Defense Trade Treaty in Federal Register April 11. Final rule will become effective when treaty enters into force following exchange of letters confirming necessary legal and regulatory steps (see **WTTL**, Nov. 5, page 1).

FCPA: Tulsa U.S. District Court unsealed indictment and criminal information April 5 charging four former executives of BizJet International Sales and Support Inc., U.S.-based subsidiary of Lufthansa Technik AG, with violating FCPA by allegedly participating in scheme to bribe government officials in Latin America to win aircraft maintenance, repair and overhaul service contracts. Criminal information, which dated back to January 2012, charged Peter DuBois, former VP of sales and marketing, and Neal Uhl, former VP of finance, with paying bribes to officials in Mexico, Brazil and Panama in exchange for their help to secure contracts. At that time, they pleaded guilty and were sentenced April 5 to probation and eight months' home detention based on cooperation in government's investigation, Justice noted. Indictment charged Bernd Kowalewski, former Bizjet president and CEO, and Jald Jensen, former sales manager, with FCPA violations. Kowalewski and Jensen are believed to remain abroad. Bizjet entered into DPA with Justice March 14, 2012, and paid \$11.8 million to resolve related charges (see **WTTL**, March 19, 2012, page 4).

EXPORT ENFORCMENT: Yen Ling Chen, Taiwanese citizen, was sentenced March 29 in Brooklyn U.S. District Court to time served for violating International Emergency Economic Powers Act (IEEPA) by attempting to export weapons-grade Toray M55JB 6000-50B and M60JB-3000-50B carbon fiber to Taiwan without Commerce license. Chen pleaded guilty Dec. 11, 2012 and had been in custody since being arrested in July 2012.

AUSTRALIA GROUP: Australia Group has updated its control lists of dual-use biological equipment and related technology and software, dual-use chemical manufacturing facilities and equipment and related technology and software, and biological agents for export control. Application of changes to CCL awaits publications of rule changes by BIS.

WORLD TRADE: Volume of world trade in 2013 is projected to remain weak but slightly better than 2012, WTO economists reported April 10. Their report forecasts 3.3% growth this year compared to 2% last year. Both figures are far below historic average rate of 5.3%. “The abrupt deceleration of trade in 2012 was attributed to slow growth in developed economies and recurring bouts of uncertainty over the future of the euro,” report said. “Improved economic prospects for the United States in 2013 should only partly offset the continued weakness in the European Union, whose economy is expected to remain flat or even contract slightly this year according to consensus estimates,” it said. “On a more positive note, some factors that held back trade growth in 2012 may subside in 2013, including the recent territorial dispute that soured trade relations between Japan and China,” report suggested. “China's growth should continue to outpace other leading economies, cushioning the slowdown, but exports will still be constrained by weak demand in Europe,” it stated.