SFSA CASTEEL REPORTER

Steel Founders' Society of America

a monthly publication
serving SFSA steel casting industry Members

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Casteel Commentary Highlights:

The Casteel Commentary is about accelerating our business. We need to reduce the time it takes to respond to quotes to improve our reputation, reduce our costs, and attract more profitable work. It would also help to track and reduce the time from order to payment. Accelerating our business throughput is critical and order to payment time is a key measure of our speed.

Energy

The Department of Energy's Save Energy Now program will be conducting 200 Energy Savings Assessments focusing on process heating systems to identify opportunities for improving energy efficiency and your bottom line. A fact sheet is attached to this newsletter. More information is available at http://www.eere.energy.gov/industry/saveenergynow

China Trade

Trade with China remains a real concern for North American manufacturers. The trade deficit continues to grow and their currency reserves also grow. No strong response to correct this trade imbalance has been offered by the administration. The SMA has issued a report documenting the steps that should be taken and that report is attached to this newsletter. A more complete treatment of the current situation and the risks for our industry are available here: http://www.uscc.gov. No political action is likely this year and no clear course of action has been developed for next year. The instability of our trade with China is a significant risk and bear close attention. We are trying to develop a trade visit to see up close the industry in China.

Al Steck

A dear friend of the industry and a lifelong supporter of SFSA has passed away, Al Steck. Al was awarded the SFSA Charles W. Briggs Memorial Technical and Operating Medal in 1969. He was a consistent attendee of the T&O Conference and an opinionated strong willed outspoken participant, in other words a real steel foundryman. Details of his passing are here, http://obit.churchandchapel.com/obit_display.cgi?id=268306. Those of us who had the pleasure of knowing him will miss him.

Schumo Foundation

Another departed friend of the industry, Bob Schumo, established before he passed away, the SFSA Foundation. At his death we renamed it the Schumo Foundation. The foundation is playing a critical role at helping train and recruit new interns and engineers into our industry. Our success is limited by the funds we have available. Our current foundation investment is only about $120,000. To raise the value of this Foundation, we are asking each member company to contribute 10% of the value of their last year's dues to foundation. We would also be delighted to receive any personal contributions you would be willing to make. Donations to the Foundation are tax deductible.

We have selected two member companies to sponsor our SFSA student interns who will be eligible for Schumo Foundation Scholarships; Spuncast and Spokane Industries. These companies will host the student interns selected this summer and give then an engineering project. The interns will report on their project at the SFSA National T&O Conference in December 2006 and receive the Scholarship. Congratulations!!

Illinois Trade Events

Information about the Department of Commerce's trade events is attached to this newsletter.

Innovation

Hot tears remain a common problem especially with some casting designs. The major factors in hot tears are design of the casting and the resistance of the core. Redesign of the casting, particularly the rigging is a common way to reduce hot tears. Research shows that hot tears require both a strain induced by cooling thin sections restrained by mold or cores and lack of feeding in an attached heavier section. Because there must be both a strain and a feeding failure, hot tears are complex to analyze and prevent. While we are developing solidification models the understanding that you need both a feeding failure and strain suggest several ways to reduce hot tears. We can change solid cores for hollow cores and reduce the strain. We can improve feeding by chills or adding feed paths or risers to feed the section sound. Many times crack brackets can avoid hot tears and improve casting performance in the final application. We do not get credit in the mechanical design but crack brackets can contribute to the load carrying ability of many steel castings.

Specification Note

Often an RFQ or order will call out an inappropriate or incorrect specification. The foundry may correctly produce the casting using an appropriate set of requirements and may even discuss with the customer the correction. But if the foundry fails to document the correction and does not respond to the order with a confirmation affirming the actual specification that they will use, they could be liable. In confirming any order, the foundry should clearly state the requirements that they will meet to fill the order. They should clearly state that they will only meet the cited requirements.

For example, a customer may order a 1025 casting. Many specifications refer to 1025 and most of these requirements are not for castings. If the foundry does not confirm with a casting specification, the customer may object to the silicon or manganese in the cast composition or may try to claim negligence if their design fails. The foundry should respond by clearly citing a casting grade that they will supply. They could supply ASTM A27 grade 60-30 or ASTM A915 grade SC1025. This would make clear the actual chemical and testing requirements and eliminate ambiguity in the order. The same thing can happen with testing like radiography or liquid penetrant. As pointed out at the T&O, these dispute often turn on who has the last word. The foundry should strive to make sure that they have a clear set of specification requirements that they can meet for every order.

Persons Available

A1216 seeks a management position and has over 20 years management experience in manufacturing and holds BS and MS degrees in management.

Market News

Many indicators hint at a general slowdown in the economy but most of the news remains strong and business in steel foundries remains robust. The SFSA trend cards show continued strong conditions in carbon and low alloy casting production with both orders and shipments continuing to exceed last year by more than 20%. The high alloy casting market is more volatile but remains strong. The year-to-year numbers have fallen to near zero but this is after gains in excess of 80% last year in this month.

This strong demand is supported by the Census numbers for iron and steel castings continuing to be strong in orders and shipments at around $1.7 billion a month. Steel shipments have fallen as consumers are stretched by higher energy prices and are slowing some of their purchases. Nondefense capital goods orders have declined slightly and inventories have remained steady. Orders are still ahead of shipments showing a slowing of growth but no real decline of activity. Business indicators remain strong for 2006.

Casteel Commentary

As business remains strong and lead times stretch out, we need to focus on improvements to maximize throughput. Much of our attention is concentrated on the actual production time, that is the time from pulling the tool to final inspection and certification. In reviewing the Survey of Performance Benchmarking. It might be useful to track both the time of RFQ to quote and the time from order to cash.

Our customers surmise our responsiveness and capability in our ability to turn around quotes. If we are slow to respond or incomplete, they assume that we are either uninterested in their business or incapable. Yet as a result of prior problems and inefficient processes, we often take days or weeks to respond. When we have had a problem in the past we may have added additional reviews to the quoting process. For example, we may have had a problem with core production in a particular job and so added a review by the core department. While we have never found another problem and the core department does not know why they are reviewing the quote, passing the quote package to them adds about a half day to the process but adds no value.

One thing we can do is to apply value stream mapping to quoting. We need a careful review of what the quote process should entail. Do we need to be production ready to assemble a quote or do we only need a accurate and conservative estimate of our price?

One strategy is to make the first quote step a triage. Triage is used in traumatic events to sort out injured people so that limited medical resources can most effectively used. For quoting it might be useful to have the first step that determines the level of effort that should be devoted to the quote.

If an RFQ is unsuited for the foundry, a simple decline to bid should be sent quickly as soon as the determination to decline to quote is made. This decision should be made at or near the first step. An unsuitable alloy, unreliable customer, wrong size or type casting, or even a poor margin on that type work may be the cause but this decision should be made quickly, enhancing your reputation for responsiveness and avoiding wasting your resources on a no quote.

If an RFQ might fit but would not be a good fit within the business plan or normal production, it may be useful to have an expedited quoting process. In the expedited process, simple but conservative estimates could be used ensuring that if the award of the order is secured; the price quoted is commensurate with the risk involved in production. A conservative quote made quickly shows responsiveness and the quote includes a premium for the risk of production.

If the RFQ is attractive, then the full quote process should be engaged. A value stream map or critical analysis should be developed. Are their ways or eliminating reviews or combining steps? Can certain parts of the review be done in parallel? Can a conservative estimate or rule of thumb replace a person? You can use the 6 Sigma tools or 5S processes or other techniques to improve the quoting system (See Jeff Woolwine's 2003 T&O paper *6 Sigma at Harrison Steel - Case Study: Quoting Process*)

Another possible measure that we need to consider is order to payment time. More than merely lead-time or production time, our business velocity is limited by the order to payment cycle. For example, we may have a 90-day order to payment cycle and only 14 days is pulling the tool to final certification. We may have 45 days in receivables. This would leave 31 days of waiting to begin production. As we measure and work on this we should be able to reduce all three elements and accelerate the business.

Increasing the speed not mainly of production but streamlining the back office, the administrative steps, and backlog should improve quality, customer satisfaction and profits.

Raymond

STEEL FOUNDERS' SOCIETY OF AMERICA
MEETINGS CALENDAR

2005

December	
7	Marketing Committee Meeting, Atchison, KS
March	
9/10	North Central T&O Meeting and plant tour, Muskegon, MI

STEEL FOUNDERS' SOCIETY OF AMERICA
BUSINESS REPORT

SFSA Trend Cards (%-12 mos. Ago)	3 Mo Avg	Sep	Aug
Carbon & Low Alloy			
Shipments	21.9	18.9	33.5
Bookings	24.6	21.5	21.1
High Alloy			
Shipments	-1.2	-5.3	-2.7
Bookings	2.9	-9.9	8.8

Department of Commerce
Census Data

Iron & Steel Foundries (million $)

Shipments	1,671	1,693	1,662
New Orders	1,658	1,734	1,559
Inventories	2,051	2,038	2,070

Nondefense Capital Goods (billion $)

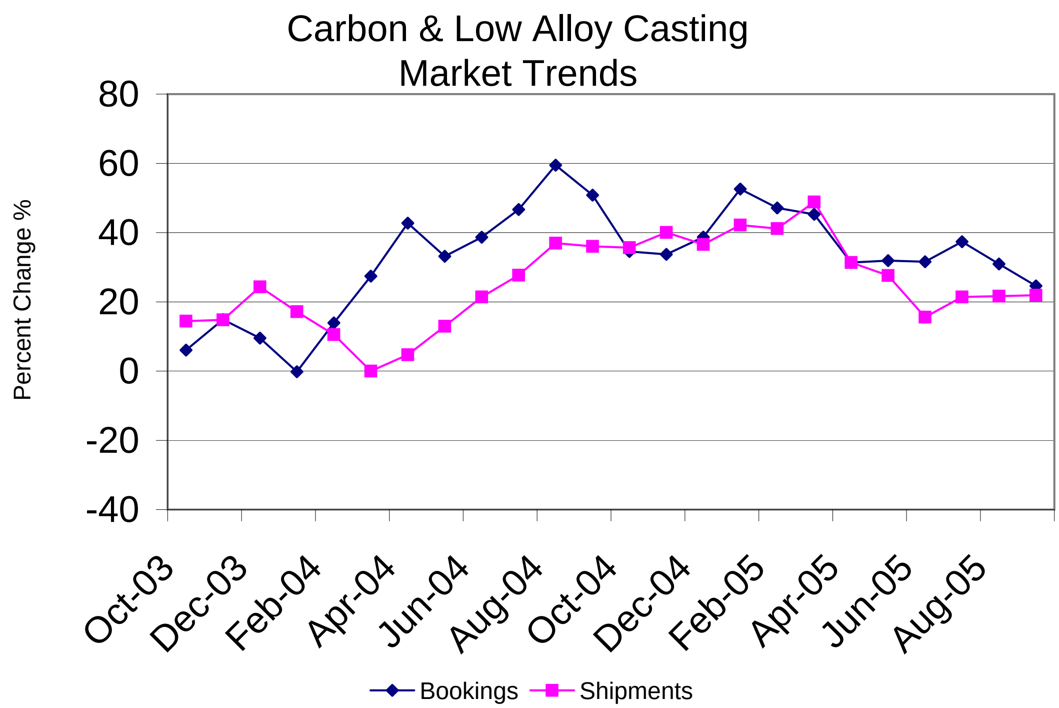
Shipments	65.1	64.5	66.4
New Orders	70.7	67.5	73.7
Inventories	112.0	112.7	112.1

Nondefense Capital Goods
less Aircraft (billion $)

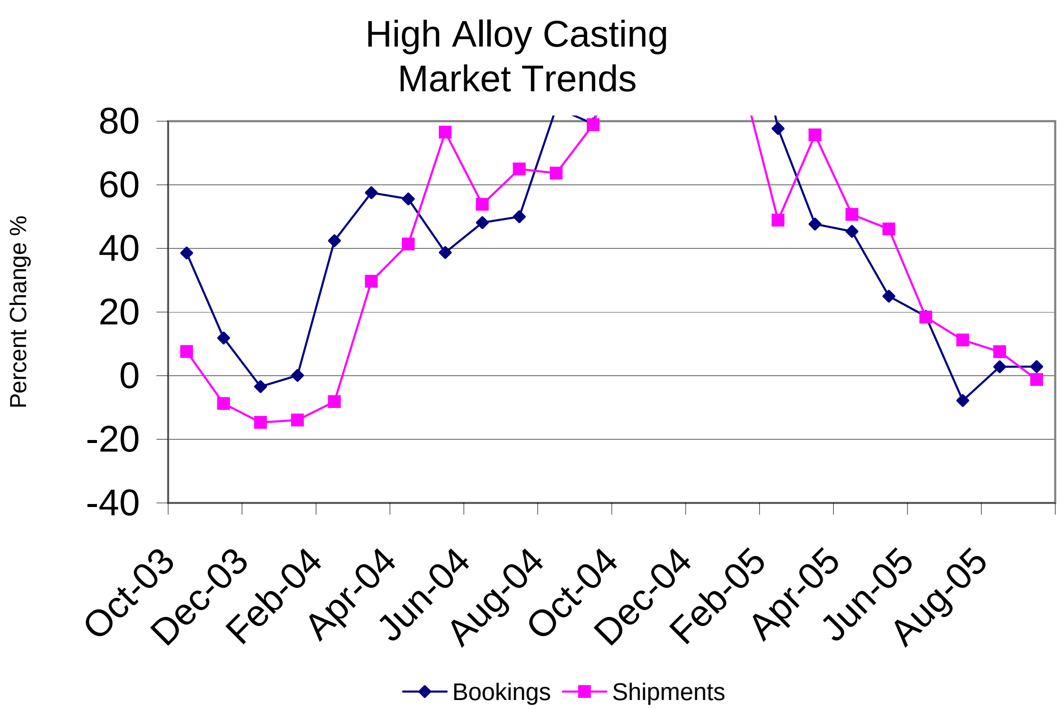
Shipments	61.4	61.5	61.9
New Orders	62.9	63.1	64.1
Inventories	94.2	94.5	94.3
Inventory/Orders	1.50	1.50	1.47
Inventory/Shipments	1.53	1.54	1.52
Orders/Shipments	1.02	1.03	1.03

American Iron and Steel Institute

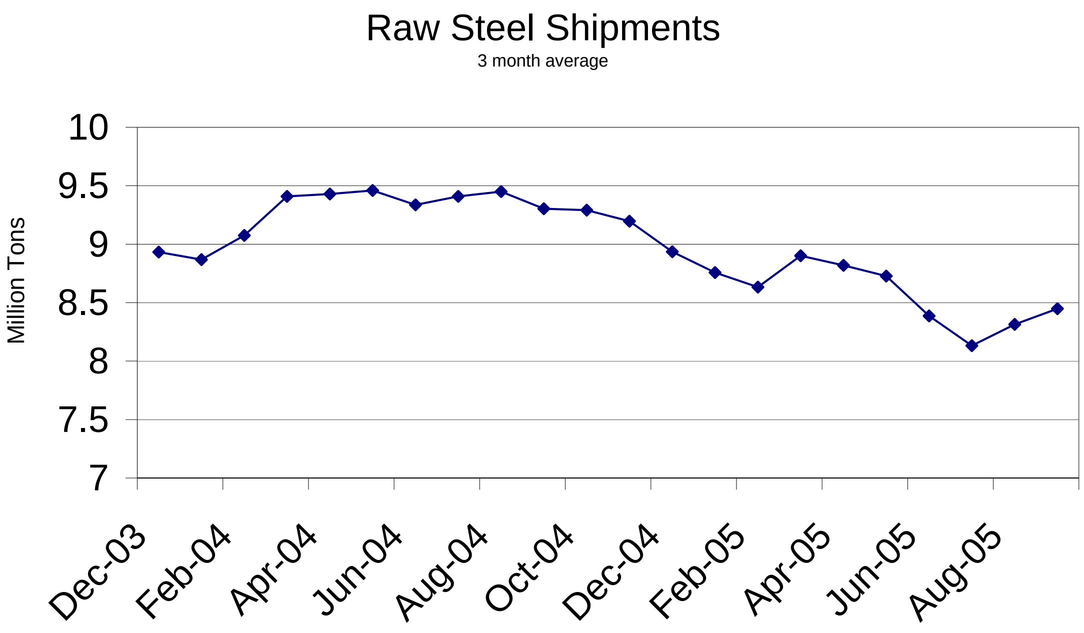
Raw Steel Shipments (million net tons)	8.4	8.6	8.9



SFSA Postcards



SFSA Postcards



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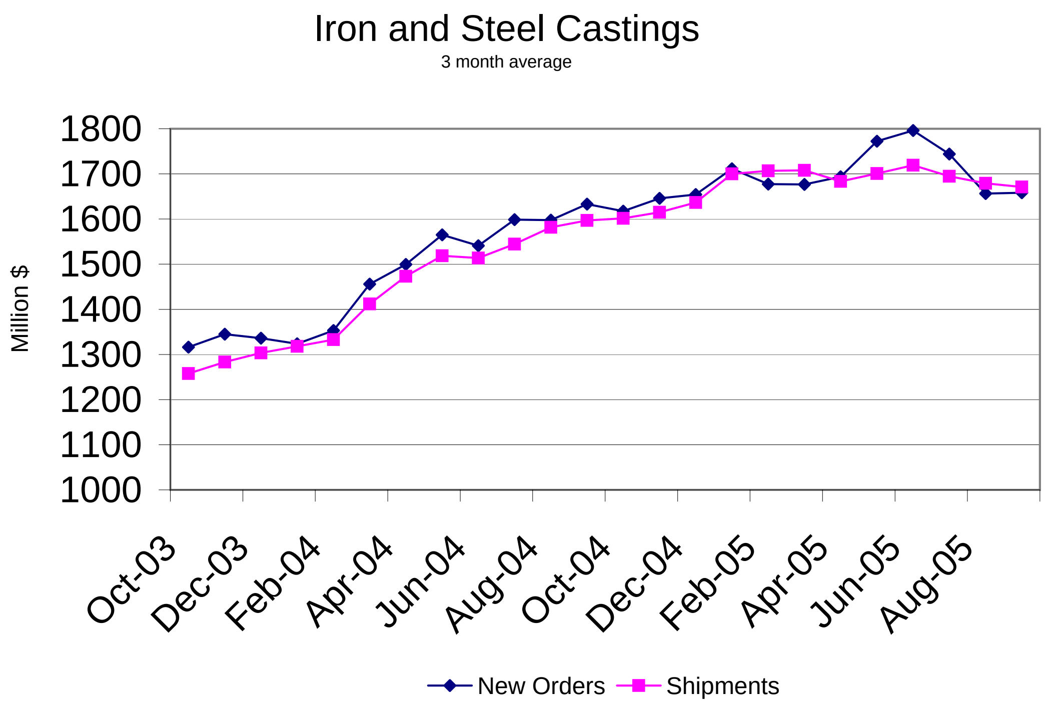

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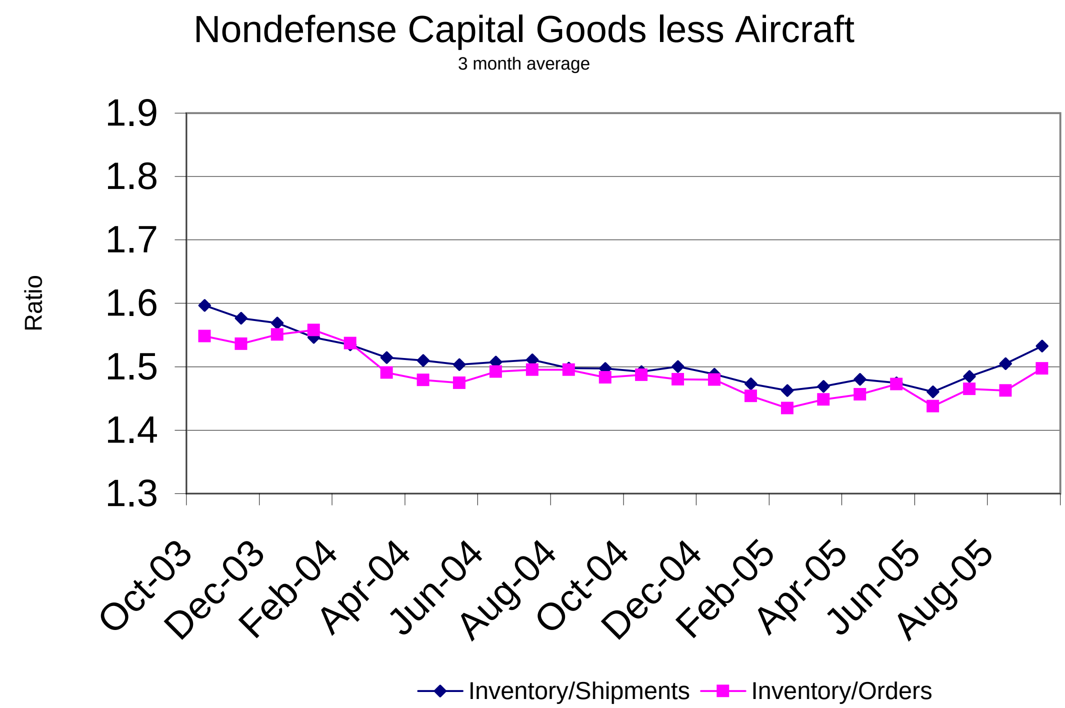
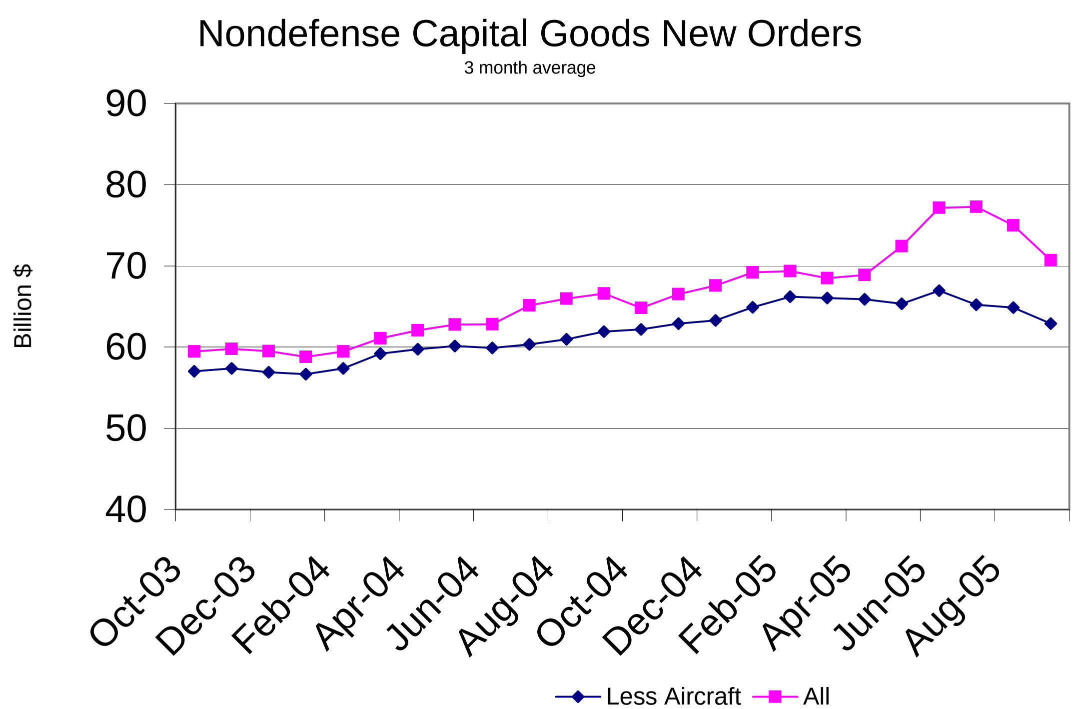


Department of Commerce



Department of Commerce

STEEL FOUNDERS' SOCIETY OF AMERICA
SAFETY AWARD

SFSA is pleased to recognize

American Centrifugal
Bahr Brothers Manufacturing
Midwest Metal Products, Inc.
Quaker City Castings, Inc.
Pacific Steel Casting Company
The Sawbrook Steel Castings Company
Southern Alloy Corporation
Southern Cast Products, Inc.
Southwest Steel Casting Company
Talladega Castings & Machine Company

for the maintenance of a safety record during 2004 equal to or less than the national average for all manufacturing

Raymond W. Monroe
Executive Vice President

Save Energy Now

Industrial Technologies Program www.eere.energy.gov/industry/saveenergynow

U.S. Industries: Partner with DOE To Save Energy and Money

Serious energy supply disruptions and recent hikes in energy prices are impacting the entire United States, including the nation's industries. ***Save Energy Now*** *can help your manufacturing facility reduce energy and operating costs, lower utility bills, and ensure future savings.*

This new initiative of the U.S. Department of Energy's Industrial Technologies Program (ITP) was established to help the nation's manufacturing facilities continue to thrive during a time of diminished energy supplies and rising costs. We invite you to join us in this initiative and begin saving energy—and money—today.

What is Save Energy Now?

Save Energy Now is part of a national campaign, "Easy Ways to Save Energy," announced by the Secretary of Energy in 2005. The campaign educates the public about simple but effective energy choices, assists U.S. industry and the government in reducing energy use, and supports national goals for energy security. Save Energy Now is helping industrial plants find effective ways to reduce the amount of energy they use in steam and process heating systems so they can operate more efficiently and profitably. This effort also addresses energy-saving opportunities for compressed air, fan, motor, and pumping systems.

You can participate in any of these ways:

- Apply online today for an Energy Savings Assessment or a priority assessment that identifies key opportunities to reduce your plant's energy use and improve productivity.
- Partner with ITP to create awareness by cosponsoring events and training, linking to the Save Energy Now Web site, and disseminating important information about energy efficiency and cost savings to 50,000 other plants.
- Take advantage of the many resources that ITP provides to improve your plant's energy efficiency and the bottom line.

Visit the Save Energy Now Web site at *www.eere.energy.gov/industry/saveenergynow* and contact the EERE Information Center (1-877-337-3463) for more information.

Learn More About Save Energy Now

Who can join Save Energy Now?

We invite companies, states, utilities, and other industry groups to join this effort. By taking part, you will help improve industrial energy efficiency and productivity while helping to ensure a reliable U.S. energy supply.

What does Save Energy Now provide to U.S. industry?

- Energy Savings Assessments for the nation's large, energy-intensive plants, performed by teams of energy efficiency experts.
- Priority energy assessments for small- and medium-sized plants, performed by teams from ITP's university-based Industrial Assessment Centers (IAC).
- Phone consultations and technical assistance provided by experts at the EERE Information Center.
- Training, Webcasts, and workshops on the use of ITP's powerful software analysis tools and ways to improve efficiency and productivity throughout the plant.
- Access to ITP's extensive portfolio of helpful information, including tip sheets, case studies, handbooks, and more.
- Recognition on the ITP Web site.

What is an Energy Savings Assessment?

Energy Savings Assessments identify immediate and long-term opportunities to save energy and money in your plant, focusing on steam or process heating systems. If your company is one of the large energy-using plants selected to receive an assessment, a qualified energy efficiency expert will visit your site for several days and work with you to identify opportunities for improving energy efficiency and your bottom line.

During your assessment, plant employees will work with the expert to help gather data, learn about software tools, and perform a system analysis. There is no cost for the energy efficiency expert; however, the time invested by your plant's staff can yield benefits to your company in the future. Plants may apply individually, but we encourage groups of plants within the same company to apply for these assessments.

If my plant is not selected for an Energy Savings Assessment, can we still benefit?

While only 200 Energy Savings Assessments will be performed, your company could still be eligible for a priority assessment from one of ITP's Industrial Assessment Centers, phone consultations, and informational materials to help you address energy efficiency opportunities.

Who conducts these assessments?

Specialists in evaluating industrial energy systems conduct the assessments. These are industry experts who have successfully completed the DOE Qualified Specialist program, which includes training in the use of sophisticated software assessment tools and a rigorous qualifying exam.

How can my company participate?

Get started today. See the Save Energy Now Web site at *www.eere.energy/gov/industry/saveenergynow* to apply for an assessment and to find out how to partner with ITP in this important new initiative. Call the EERE Information Center (1-877-337-3463) to learn more.

A Strong Energy Portfolio for a Strong America

Energy efficiency and clean, renewable energy will mean a stronger economy, a cleaner environment, and greater energy independence for America. Working with a wide array of state, community, industry, and university partners, the U.S. Department of Energy's Office of Energy Efficiency and Renewable Energy invests in a diverse portfolio of energy technologies.

For Additional Information, Please Contact:

EERE Information Center
1-877-EERE-INF (1-877-337-3463)
www.eere.energy.gov/industry/saveenergynow

Industrial Technologies Program
Energy Efficiency and Renewable Energy
U.S. Department of Energy
Washington, DC 20585-0121

DOE/GO-102005-2240
November 2005

Visit Our Web Site and Sign Up Now to Receive Energy Savings Information
www.eere.energy.gov/industry/saveenergynow

EXECUTIVE SUMMARY

This Report sets forth the Commission's analysis of the U.S.-China relationship in the topical areas designated in the Commission's Congressional mandate: the areas for the Commission to consider and about which it is to make recommendations to the Congress. These include China's proliferation practices, its economic reforms, U.S. economic transfers to China, China's energy needs, its firms' access to the U.S. capital markets, U.S. investments in China, China's economic and security impacts in Asia, U.S.-China bilateral programs and agreements, China's record of compliance with its World Trade Organization (WTO) commitments, and its government's media control efforts. Our analysis, along with recommendations to the Congress for addressing identified concerns, is chronicled in the Report, and summarized herein.

OVERALL ASSESSMENT OF ECONOMIC AND SECURITY CHALLENGES

Congress gave the Commission the overarching mission of evaluating "the national security implications of the bilateral trade and economic relationship between the United States and the People's Republic of China (PRC)," and reporting its evaluation to Congress annually together with its observations specifically concerning the topical areas listed above. The Commission takes a broad view of "national security" in making its assessment and has attempted to evaluate how the U.S. relationship with China affects the economic health of the United States and its industrial base, the military and weapons proliferation dangers China poses to the United States, and the United States' political standing and influence in Asia.

Based on its analyses of developments during the period since its 2004 Annual Report, the Commission concludes that, on balance, the trends in the U.S.-China relationship have negative implications for the long-term economic and security interests of the United States. To prevent or reduce the negative impacts of these trends, the United States needs to establish and implement policies that provide course corrections.

The U.S.-China relationship is not inescapably destined to be adversarial, and certainly not violently so. However, while some encouraging changes are occurring in China, it is vital for the United States to recognize that in many respects China has different interests, goals, and values than the United States, and to reflect those differences in the way it deals with China. In areas where China poses challenges to the United States, the United States must meet the challenges with a variety of tools and approaches, and as aggressively as necessary to protect important U.S. interests.

Perhaps the greatest challenge that faces the United States is to develop a coherent strategic framework for approaching China in a way that does protect vital U.S. interests while recognizing legitimate Chinese aspirations, minimizing the likelihood of conflict, building cooperative practices and institutions, and advancing both countries' long-term interests wherever that is possible. It then is critical for the United States to use the substantial leverage it has—because of its role as a major purchaser of Chinese exports and a major supplier of technology China wants for its economy, and because of the current U.S. status as the sole superpower—to persuade China to engage productively in the U.S.-China relationship and to work with the United States to resolve differences. This surely will test U.S. creativity and diplomatic skill.

COMMISSION FINDINGS

The Report presents its findings, analysis, and recommendations to Congress in thirteen sections, organized in five chapters, capturing the major themes of the Commission's Congressional mandate. While the Report has been divided in this manner, all these areas interrelate in any assessment of the overarching question of how the U.S.-China economic relationship affects U.S. economic and national security interests. The Commission recognizes that the United States' vast economic transfers to China are inseparable from the larger geopolitical and military developments at issue.

The Commission's findings are included in this Executive Summary. The ten key recommendations the Commission makes to Congress in the Report are listed at the conclusion of the Executive Summary. The Commission makes 57 recommendations to the Congress in this Report; the complete list of the recommendations pertaining to each of the five Report chapters is provided at the conclusion of the chapter, and a comprehensive list appears on p. 201.

The U.S.-China Trade and Economic Relationship

The U.S.-China economic relationship has continued over the past year to expand at a rapid pace. New U.S. foreign direct investment in China totaled nearly $4 billion. The trade relationship grew markedly, with U.S. imports from China outpacing U.S. exports to China by more than five to one. The result was a bilateral goods trade deficit that reached $162 billion in 2004—a 31 percent increase over the previous year—and is on pace to considerably exceed $200 billion in 2005.

U.S. manufacturers in a broad array of industries are under increasing competitive pressures from domestic and foreign-invested, China-based manufacturers. Although each U.S. industry has a unique set of competitive concerns with China, the principal crosscutting concerns are China's undervalued currency, extensive system of government subsidies (particularly those favoring export-oriented production), weak intellectual property rights protections, and repressive labor practices. Many of these appear to act as a strong inducement for U.S. and other foreign firms to invest in and relocate to China to serve the Chinese domestic market and to use China as an export platform.

China remains in violation of many critical commitments it made in order to obtain agreement that it could enter the World Trade Organization—on a transitional basis due to the extensive economic reforms necessary for its economy to conform to the market practices of WTO members. China's continued recalcitrance is causing material injury to U.S. companies, workers, and communities. It also is contributing to a highly skewed bilateral economic relationship marked by a soaring U.S. trade deficit and a weakening competitive position for many U.S. firms.

Foreign investment, mostly in the form of foreign direct investment, has underwritten much of China's economic development. However, a growing proportion of foreign funds has been accumulated via the debt and equity offerings of Chinese firms in international capital markets and, to a lesser extent, in China's weak domestic capital markets. No Chinese firms have listed in 2005 on the New York Stock Exchange, with the most frequently cited reason being their reluctance to meet the requirements of the Sarbanes-Oxley Act of 2002, particularly the requirement that the CEO and the CFO certify the company's annual and quarterly reports. However, Chinese high technology and telecommunications firms are continuing to list on the NASDAQ Exchange. These firms tend to be incorporated in offshore locations and have been able to meet U.S. standards for disclosure and corporate governance. A variety of Chinese firms, including banks and state-owned enterprises, are increasingly listing on the Hong Kong Exchange.

The Commission retains the concerns voiced in its 2004 Annual Report that transparency and disclosure by Chinese firms remain inadequate—a deficiency that is most pronounced in the case of state-run firms. This poses a substantial risk for investors, including those from the United States participating in the markets where Chinese firms are listing. It also makes it very difficult to determine the possible links of the listing firms to weapons proliferation activity and to People's Liberation Army or other Chinese defense-related activities. Although it consequently is impossible to know the full range of such involvement by Chinese firms, it is certain that some listed firms have been involved.

As trade and investment between the United States and China have expanded in importance and scope, the impact of this relationship on the global economy has grown to enormous proportions. It also remains reasonable to believe, as the Commission indicated in its 2004 Report, that "U.S.-China economic relations will help shape the rules of the road for broader global trade relations."

As China, India, and the states of the former Soviet Union have commenced active participation in the global economy in the past ten to twenty years, the global market's work force has doubled, placing major downward pressure on wages around the world. This is a function of what has been termed the "law of one price:" when capital is relatively unencumbered and the factors of production are mobile, capital will gravitate to regions with the highest rate of return. This has been occurring and continues to occur in China and elsewhere, and it is resulting in the movement of jobs, especially manufacturing jobs but increasingly service jobs as well, from the United States to China and the other countries offering higher rates of return on capital.

Findings:

- China's exchange rate reform announced in July—that included a modest revaluation of the renminbi (RMB) against the U.S. dollar and the linking of the RMB's value going forward to a basket of international currencies—was an extremely limited step, amounting to a 2.1 percent change in value. Most economists believe that the RMB is undervalued by 15 to 40 percent. China's currency manipulation acts as a subsidy for Chinese exports to the United States and a tax on imports from the United States, and serves as an incentive for U.S. and foreign firms to move production to China.

- U.S. producers of advanced technology products are also subject to the growing pressures posed by China. In 2004, the U.S. trade deficit in advanced technology products with China grew to $36.3 billion.
- While China has made progress toward meeting some of its commitments, it remains in violation of its WTO commitments in a number of important areas, many very significant for U.S. industries. As a result, U.S. firms continue to face market access barriers in China and unfair trade practices in U.S. and third-country markets.
- U.S. laws and the WTO provide remedies and safeguards for firms facing unfair trade practices and import surges from China. These trade tools remain underutilized and ineffective. Antidumping duties have gone uncollected; countervailing duties are presently inapplicable to China due to a Department of Commerce practice. The U.S. government has been slow to implement the China-specific textile safeguard and then the safeguard has been immobilized by litigation at a crucial time. Relief under the China product-specific (Section 421) safeguard has never been granted by the President despite three International Trade Commission decisions authorizing relief for the parties.
- China has effectively marginalized the WTO's annual review of its progress in meeting its WTO accession commitments—the Transitional Review Mechanism (TRM). It may be more productive to rely on the Trade Policy Review Mechanism (TPRM), applicable to all WTO members, to review China's WTO compliance. The first TPRM review of China will be conducted in April 2006.
- Inadequate corporate governance, disclosure, and accountability, poor regulatory supervision, rampant insider trading, frequent government intervention, and corruption continue to hinder the development of China's domestic capital markets. A related lack of confidence in China's domestic stock markets in Shanghai and Shenzhen has led to falling share values, which in June 2005 hit eight-year lows.
- Chinese firms continue to look to international capital markets to raise needed capital and enhance their global profile, though the location of such fundraising has been shifting significantly toward listing on the Hong Kong Stock Exchange. In 2004, Chinese companies listing in Hong Kong raised $12 billion, up from $7.5 billion in 2003.
- In 2005, Chinese companies have largely forgone listings on the New York Stock Exchange (NYSE), primarily due to the enhanced corporate reporting provisions of the Sarbanes-Oxley Act

of 2002. Privately owned Chinese companies have concentrated their U.S. listings on the NASDAQ exchange.

- China is taking a dual approach to raising capital to shore up its principal state-owned banks, which have non-performing loan levels estimated at $350 billion to $550 billion. While China is preparing its largest state-owned banks for overseas stock market listings, it is also selling stakes in the banks to Western banks eager to gain a foothold in the Chinese banking sector.
- China's fundraising in global capital markets has national security implications for the United States. The U.S. Treasury Department has identified a Chinese bank alleged to be involved in money laundering related to activities that could be financing North Korea's nuclear weapons programs and, according to press reports, is also investigating the Bank of China and another Chinese bank because of similar alleged activities. This raises concerns about the nexus between Chinese banks listing on international capital markets and security-related abuses.
- Because the links between military and civilian control and production by Chinese state-owned enterprises remain opaque, investors can rarely be sure whether their investments are tied to the People's Liberation Army or other Chinese defense-related activities to which some publicly traded firms appear to have been tied.
- While many U.S. firms have responded to global competitiveness challenges by outsourcing and offshoring, these individual corporate decisions do not address, and in some cases may conflict with, efforts to maintain productive capacities in industries important to U.S. economic leadership and vitality. This distinction between private and national interests is particularly pertinent with regard to the U.S. economic relationship with China, where the market may produce outcomes that are contrary to the U.S. national interest.
- The opening of the Chinese, Indian, and former Soviet bloc economies has led to more than a doubling of the global market's work force and likely will put downward pressure on U.S. wages for workers at all levels, including higher levels of the wage scale. Mobile capital and technology flows accelerate this trend.
- China has adopted an economic growth strategy that emphasizes strategic accumulation of productive capacity and access to resources. An important part of this strategy is attracting foreign investment and know-how to assist China's export-led growth.
- China obtains a competitive advantage from political and economic systems where workers are often denied fundamental workers' rights. China's paucity of environmental protections similarly functions to benefit some Chinese industries.
- The U.S. international tax regime favors investment abroad in comparison to domestic investment, providing a disincentive to companies for maintaining production facilities in the United States.

China's Technology Development and Implications for the U.S. Defense Industrial Base

China's comprehensive and coordinated strategy for technology development guides the rapid pace by which it is establishing itself as a center of technology production and, increasingly, technology innovation. Through a mix of preferential trade and investment policies, government subsidies, and other policies favoring domestic industries and production, China has made the development of its technology sectors a national priority. Attracting U.S. and other investment into China has been an important component of this strategy, particularly where transfers of technology and know-how have accompanied this investment.

U.S. technology industry leaders increasingly have warned of the challenges that China and other developing economies pose to U.S. technology leadership and called for a national strategy to maintain U.S. technology competitiveness—which is vital to the long-term health of the U.S. economy and to U.S. military superiority. The increasing reliance of the U.S. military on the private sector for certain technology developments, coupled with the movement offshore of much of the private sector's industrial and technology production, and some of its design work and research and development (R&D) activities in which China increasingly is engaging, raises the prospect of future U.S. dependence on China for certain items critical to the U.S. defense industry as well as to continued U.S. economic leadership. The Department of Defense may not be adequately considering the long-term effects on the defense industrial base of the offshoring of industries that, while not classified as critical technologies, nonetheless may have a substantial impact on defense and homeland security operations, such as the software and integrated circuits industries.

Between 1998 and 2004, the United States moved from equilibrium in trade with China of items with the highest R&D and engineering content to a deficit in advanced technology products (ATP) of $36 billion. Foreign investment in China continues to grow markedly—with Taiwan still the largest external investor, followed by South Korea, Japan, and the United States—and much of that foreign investment is drawn to technology sectors. With this being a prominent enabling factor, China is making remarkable strides in technology production and is moving into high technology product design and R&D.

Findings:

- Science and technology (S&T) development is the centerpiece of China's comprehensive strategy to build national power. As a result, the Chinese government has a comprehensive, coordinated strategy for S&T development, which it began to implement in the mid 1980s. Government policies encourage growth and investment in key industries, among which are the software and integrated circuit industries. Such policies include foreign investment incentives, tax incentives, government subsidies, technology standards, industrial regulations, and incentives for talented Chinese students and researchers studying and working overseas to return to China. Many of these policies make it difficult, if not impossible, to achieve a level playing field in this area of U.S.-

China trade and jeopardize long-term U.S. leadership in this vital sphere.

- China has become central to the global supply chain for technology goods of increasing sophistication, and its technology research and development activities are steadily and substantially expanding. This central role grants China increased leverage in global systems of technology production.
- The technology that China is developing and producing is increasing in sophistication at an unexpectedly fast pace. China has been able to leap frog in its technology development using technology and know-how obtained from foreign enterprises in ways other developing nations have not been able to replicate. This rapid advancement is evident in the level of technologies that make up China's fast-growing trade surplus with the United States in advanced technology products (ATP), which increased by 72 percent from 2003 to reach $36 billion in 2004.
- External investment is an important source of capital, management, and technology for China's technology sector. While total U.S. investment in China has been significant, Taiwan remains China's largest external investor, accounting for about half of total FDI in China; Japan and South Korea also are major external investors in China. Taiwan's investment in China remains concentrated in the technology sectors.
- China has made virtually no discernable improvement in the enforcement of its intellectual property rights (IPR) laws, despite the fact that the Chinese government has enacted laws to strengthen protection of IPR. Pirated IP provides cheap inputs to fuel further technological growth, but some analysts state that as China develops its own technologies, domestic parties may insist on better IP protection. However, as China's domestically designed technologies grow, there are also concerns that the government may selectively protect domestic IP while providing inadequate resources to protect foreign IP.
- Advances in China's technology infrastructure and industries, along with similar advances in other developing countries, pose a significant competitive challenge that is eroding U.S. technology leadership.
- China's approach to high technology development also includes aggressive use of industrial espionage.
- The U.S. defense establishment is increasingly reliant on the private sector for its technologies. As industries such as software and integrated circuits developed faster in the private sector than in the defense sector, the Department of Defense (DoD) turned toward the private sector to acquire state-of-the-art technologies.
- China and other foreign governments provide incentives to attract investment from the United States and other countries in advanced technology industries, which results in transfers of technology and production capacity offshore. Partly as a result of such incentives, the U.S. technology sector has moved offshore much of its production and is beginning to move offshore some

of the design for civilian technologies with applications in the defense sector.

- China's incentives for technology industries are part of a coordinated, strategic effort to obtain dual-use technologies. This strategy is focused on the software and integrated circuits industry—the two industries the U.S. defense establishment identifies as vital to today's information-based, network-centric warfare.
- While the U.S. defense industrial base is not dependent on Chinese imports at the present time, the Chinese government's coordinated strategy of utilizing incentives and subsidies to spur development of domestic capacity in dual-use technology industries is weakening the health of key U.S. commercial sectors on which the U.S. defense establishment relies.
- DoD's "trusted" and "assured" supply of high-performance microchips is in jeopardy due to the restructuring of the U.S. commercial integrated circuit industry that has moved operations offshore to Taiwan, Singapore, and China.

China's Military Power and America's Interests

China's methodical and accelerating military modernization presents a growing threat to U.S. security interests in the Pacific. While Taiwan remains a key potential flashpoint, China's aggressive pursuit of territorial claims in the East and South China Seas points to ambitions that go beyond a Taiwan scenario and poses a growing threat to nations, including U.S. alliance partners, on China's periphery. Recent and planned military acquisitions by Beijing—mobile ballistic missiles, and improved air and naval forces capable of extended range operations—provide China with the capability to conduct offensive strikes and military operations throughout the region. China's arms purchases have prompted the U.S. Secretary of Defense to publicly question the ultimate purpose of China's military buildup.

For a variety of reasons, unification with Taiwan remains one of the most important priorities for the Chinese Communist Party (CCP). This objective is of such significance that the Chinese government threatens to achieve it—and prevent any substantial contrary movement—by force if that is necessary. China's very public and frequently stated commitment to this goal has left little room for negotiation or trade-offs in the event of an emerging crisis over Taiwan. In March of 2005, China promulgated the Anti-Secession Law (ASL), a legal document that codified China's claimed authority to use force to counter further moves by Taiwan toward separation, and, as a consequence, placed additional pressure on Chinese leaders to take forceful actions in a time of crisis with Taiwan.

The failure of the two sides to agree on a formula for negotiating a solution to their differences has led Beijing to heighten its discussion of and preparations for possible military options to achieve unification. Rather than persuading Taiwan to move toward unification, the growing threat posed by China's military deployments directed at Taiwan has added to fears on the island. In a wider context, the growing volume and credibility of Beijing's threats against Taiwan constitute a serious challenge to long-established U.S. security and political interests.

In the early 1990s, China began a military transformation that abandoned its reliance on massive forces and outdated weapons in favor of a modern military armed to compete and win in a high-tech battlefield environment. In turn, Taiwan requested and received equipment that helped redress the imbalance resulting from the capabilities of new Chinese weapons. In subsequent years, however, a booming economy and generous government funding have permitted China to take long strides toward modernizing its air, naval, and missile forces. Today, China has accumulated a formidable force of ballistic and cruise missiles, advanced strike aircraft, and modern naval combatants with long range and truly lethal combat power. Since Taiwan has not adequately responded, the military balance across the Strait is shifting strongly in China's favor and poses a growing challenge to U.S. military forces and political interests in the Pacific.

In contrast to the military picture on both sides of the Strait, the economic and social ties at many levels continue to increase between China and Taiwan. Taiwan is the largest external investor in China's economy, and the number of Taiwan firms manufacturing and conducting other business in China is steadily growing. Nonetheless, the starkly different political systems and issues of self-identification pull them in opposite directions and perpetuate the tensions that have characterized the region for 50 years.

The complex and evolving set of relations among the United States, China, and Taiwan requires careful diplomacy, a strong U.S. military presence in the region, and continued U.S. monitoring of the military balance across the Taiwan Strait. The United States seeks a stable, peaceful, and prosperous Asia-Pacific region, and U.S. officials repeatedly have expressed their opposition to actions by either China or Taiwan that would jeopardize the peace by unilaterally altering the status quo.

Findings:

- China is in the midst of an extensive military modernization program aimed at building its force projection capabilities to confront U.S. and allied forces in the region. A major goal is to be able to deter, delay, or complicate a timely U.S. and allied intervention in an armed conflict over Taiwan so China can overwhelm Taiwan and force a quick capitulation by Taiwan's government.
- The combination of a U.S. policy of strategic ambiguity and Taiwan's hesitation in responding to China's aggressive military buildup sends signals of weakness and ambivalence to China, undermines U.S. deterrence efforts, leaves Taiwan vulnerable if attacked, and increases the risk that U.S. forces may be called upon to act.
- The U.S. government has not laid adequate groundwork to allow a rapid response to a provocation in the Taiwan Strait. Almost any possible scenario involving U.S. military support to Taiwan would require extensive political and military coordination with the Taiwan government and regional allies, but the foundations for such coordination have not been laid. For example, self-imposed restrictions against visits to Taiwan by senior U.S. mili-

tary officers and other government officials undermine efforts to conduct advance planning for contingencies. Additionally, failure to gain advance approvals for access by U.S. forces to foreign airfields and ports in the Western Pacific might jeopardize execution of U.S. contingency plans.

- The lack of adequate and effective confidence building measures between the United States and China increases the risk of misjudgment and miscalculation, especially in crisis situations, and therefore increases the risk that a misunderstanding or minor disagreement will lead to a serious armed conflict.
- The increasing frequency of Chinese military incursions into Japanese territory sets a dangerous course and unnecessarily increases the potential for a military clash in Northeast Asia that could engulf the United States.

China's Global and Regional Activities and Geostrategic Developments

China's foreign policy has changed dramatically over the past ten years. China's regional and multilateral goals are influenced by the need to obtain resources, particularly energy resources, and to gain access to export markets; the desire to isolate Taiwan; and the intention of diluting an international system it sees as dominated by the United States. In order to achieve its goals, China employed a more proactive and creative diplomacy and increasingly used aid, development and investment packages, and diplomatic support to win favor in regions such as Africa and Latin America. During the past year, China's global presence and influence continued to grow. It sought out new export markets for its products, and trade increased between China and many regions of the world; trade with Europe, for example, grew rapidly. China also reached out to regions such as Africa, the Americas, and the Middle East to secure the energy and raw materials its economy requires. Since the Commission's previous Annual Report (issued in June 2004), China has become the world's second largest national consumer of petroleum (behind the United States).

Certain international activities by China throw a shadow on its global rise. China continues to be a source of WMD- and missile-related technologies to countries of concern such as Iran. Despite China's enactment of tougher export control laws and constant complaints and sanctions by the United States, Chinese companies and organizations have continued to proliferate. All countries, including China, should be concerned about the grave consequences should WMD be acquired by countries of concern or terrorist groups, but China gives evidence that this is not among its highest concerns. In part in order to obtain access to energy resources and raw materials, China has utilized and expanded relationships with nations such as Iran, Sudan, and Zimbabwe that have earned international opprobrium for objectionable human rights, terrorism support, and other activities. In these interactions, China focused on its narrow interests while dismissing international concerns.

China's actions pertinent to the North Korea nuclear crisis have been contradictory, but offer some basis for optimism. Because it is Pyongyang's principal patron and provides significant amounts of fuel and food to North Korea, China has considerable leverage with the North Korean regime. During 2004, in fact, the two countries enjoyed an historic level of bilateral trade. Yet China has failed to use its leverage effectively to obtain denuclearization by North Korea. In the latter half of 2005, China took welcome steps to achieve progress in the Six-Party Talks aimed at eliminating North Korea's nuclear weapons and nuclear weapons programs but has not yet exerted its full leverage over Pyongyang to solve this problem. Now it is critical that Beijing exert as much influence as will be needed to ensure that North Korea eliminates its nuclear threat.

The future success of China's economic and political policies is tied to the success of its energy policies. Two thirds of China's energy needs are met by coal, but China's demand for oil resources needed to fuel its economic growth is rapidly increasing, putting China on course to compete with the United States and other oil importing nations for global supplies. China's policy of attempting to obtain control of oil resources at the wellhead rather than participating in the international petroleum market threatens to exacerbate tensions with the United States and other countries that are market participants. The attempt by a Chinese oil firm partly controlled by the central government to purchase California-based Unocal exemplified its policy and caused considerable U.S. concern before the attempt was abandoned.

Findings:

- China has increased its presence in many geographic regions during the past decade.
- China's decisions to become involved in specific countries and regions, the nature of its involvements, and its regional and multilateral goals appear to be frequently influenced by its need for resources, particularly energy-related resources, the search for export markets, and a desire to increase its geopolitical leverage and influence and advance national objectives. Diplomatic aims include marginalizing Taiwan and increasing China's leverage in multilateral institutions by strengthening relations with other countries.
- China's regional strategies generally appear to be complementary and consistent and to reflect a larger global foreign policy strategy.
- China's regional approaches appear to be value-neutral; they are not influenced by ideology or human rights concerns and focus only on achieving China's practical objectives. China approaches countries that have histories and reputations of behavior and activities objectionable to the world community—such as proliferation, human rights abuses, aggression against other nations or less direct efforts to undermine their interests, support of terrorism, etc.—without requiring or even exerting pressure for changes in policy or behavior.
- China's proliferation activities are broad ranging; it continues to provide equipment and technology, including dual-use goods and technologies, related to WMD and their delivery systems to countries such as Iran as well as conventional armaments to countries like Sudan.

- China continues to be governed by a Communist party hierarchy that controls major aspects of the government, society, and economy. Party cadres are selected by the leadership to serve as key executives of state-owned corporations and many smaller firms and subsidiaries and to enforce the leadership policy. Beijing is also placing more party members in the ranks of newer private companies. Through this and other methods, many proliferation actions of Chinese companies are either effectively controlled or tacitly condoned by certain levels of the central government. In a number of cases, China uses proliferation to raise revenue or gain diplomatic influence.
- Continuing proliferation undermines the public commitment Beijing has made by becoming a party to, or participating in, various multilateral nonproliferation treaties, regimes, and organizations, and by promulgating strengthened export control laws.
- As China improves its nuclear and missile capabilities, the potential damage from its proliferation action increases. Given China's poor track record on preventing proliferation, the presumption is that it will continue to allow transfers of improved WMD- and missile-related technology to countries of concern.
- Numerous U.S. sanctions have been imposed to punish Chinese companies for their proliferation activities, but they appear to be largely ineffective. A significant reason for this is that many sanctions regimes do not extend penalties to a parent company, which may have business connections in the United States, for the proliferation activities of its subsidiaries unless a parent company had demonstrable knowledge of the transaction.
- The extent of Chinese cooperation in the Six-Party Talks to achieve a complete, verifiable, and irreversible dismantling of North Korea's nuclear weapons and nuclear weapons programs is a critical test of the U.S.-China relationship.
- China is North Korea's principal patron and has very substantial economic leverage with that country. It is important for China to use its considerable influence with North Korea, including economic and energy assistance, as leverage to press Pyongyang to dismantle its nuclear weapons, nuclear weapons programs, and long-range delivery systems. China's recent efforts to bring North Korea back to the Six-Party Talks and its circulation of a now-agreed set of principles that the parties signed in September 2005 are new and commendable steps. However, the effort to get North Korea to abandon its nuclear weapons programs, nuclear weapons, and nuclear weapons material has a considerable distance yet to go. It is imperative that China, with its leverage over North Korea, take substantial responsibility for the ultimate success of this effort.
- China's energy demand continues to grow at a rapid pace as its economy expands. Roughly 40 percent of all new world oil demand is attributable to China's rising energy needs.
- The United States and China currently follow different energy security policies regarding oil procurement. The United States secures its supplies via open international markets while China wants to own oil at the wellhead.

- China's energy acquisition efforts are expanding internationally, and specifically in Africa, the Western Hemisphere, Central Asia, and the Middle East.
- China appears to trade influence and assistance, including weapons technologies, arms, and other aid, for access to oil and gas in terrorist-sponsoring states such as Sudan and Iran, greatly compromising U.S. efforts to combat terrorism, weapons proliferation, and human rights abuses.
- The United States should seek to influence China's energy policies and lessen the potential for future energy-related conflict by conducting joint research and development (R&D) programs with China to improve its energy efficiency and protect the environment.
- Both China and the United States are self-sufficient in coal. Clean coal and coal-to-liquids technologies are possible areas for mutually profitable joint R&D efforts and areas where the United States could provide technological assistance that could benefit both nations and enhance environmental protection.

China's Media and Information Control

The Chinese government's extensive and persistent controls over the flow of information in the media and over the Internet pose an ongoing security concern for the United States. Through these controls, which have grown markedly in size and sophistication over the last two years to become the most sophisticated Internet control system in the world, China's government plays a commanding role in forming public opinion about the United States and U.S. policies, which can in turn undermine U.S. diplomatic efforts. These practices also risk creating an environment prone to misunderstanding and miscalculation in the bilateral relationship, particularly during times of crisis.

China's control of information media exacerbates and perpetuates a xenophobic—and at times particularly anti-American—Chinese nationalism. The long-term effects of these practices on a new generation of Chinese citizens, who have been persistently subjected to a highly controlled and manipulated information environment, may be deleterious to U.S. efforts to prevent the U.S.-China relationship from becoming hostile.

Findings:

- China's economic reforms have not led to fundamental changes in its policy of controlling the flow of information. The government's Internet filtering system is the most sophisticated in the world, and uses numerous techniques to minimize Chinese citizens' exposure to topics the Chinese Communist Party sees as threatening to its rule, including official corruption, freedom, and democracy, or to its standards of decency. In addition to technical controls, China discourages free expression by encouraging collective responsibility and self-censorship, reinforced by occasional high-profile incarcerations.
- The Chinese government encourages nationalist sentiment in the news media and online. Anti-U.S., anti-Japanese, and anti-democratic views are rarely censored while anti-government senti-

ments are heavily monitored and removed as soon as they are spotted by the government Internet police.

- Some U.S. firms that wish to establish, maintain, or expand their presence in the Chinese market have assisted the government in its effort to control speech and have assisted in official actions against Internet users. The companies have defended their involvement in these actions by indicating they must comply with Chinese law and the dictates of China's government.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Subject: ***Upcoming Illinois Trade Events***

Dear International Trade Professional,

Below is a list of upcoming int'l trade events, which our office is organizing or co-sponsoring/supporting. We hope that you will be able to join us for at least one of them! You can also access this list as well info on other upcoming int'l events & missions at http://www.buyusa.gov/uppermidwest/events.html

Best Regards,

Debra H. Rogers
International Trade Specialist
U.S. Export Assistance Center – Chicago
US Dept of Commerce
T: 312-353-6988

November 29, 2005: SCORE International Trade Workshop -Tap Global Markets and Expand Sales - Chicago
Full-day workshop in which the basic components of international trade are discussed by speakers active in the export and import industry. Covers legal issues, financial and banking, freight forwarding, customs, and sound techniques for exporting and importing products as well as U.S. government financial programs. 9:00 AM to 4:00 PM (Registration 8:30 AM); Fee: $60 prepaid, $70 at door; Location: SCORE, 500 W. Madison, Suite 1250, Chicago 60661. Call SCORE at 312-353-7724 or register online at
https://www.123signup.com/servlet/SignUp?cat:58=246&PG=1522055182300&P=152205500

November 30, 2005: U.S.- Hungarian Ambassadors Business Mission to U.S. - Chicago
The World Trade Center Chicago in cooperation with the U.S. Department of Commerce Export Assistance Center will be hosting a breakfast business briefing featuring The Honorable George H. Walker, American Ambassador to the Republic of Hungary and His Excellency András Simonyi, Ambassador of the Republic of Hungary to the United States. Special guests include Patricia Gonzalez, Senior Commercial Officer, U.S. Embassy Budapest and György Rétfalvi, CEO, Investment and Trade Development Agency of Hungary. Breakfast 8:30-10:30. Venue: The Chicago Club, 81 East Van Buren. Fee: $25 for WTCC & Chicagoland Chamber members; $35 for non-members. Contact Thomas Panek at 312-353-7711 or thomas.panek@mail.doc.gov or Bilal Ozer at 312-494-6560.

December 1, 2005: International Trade Basics for Manufacturers: Focus on China – Oak Lawn
Seminar sponsored by NORBIC, Center Point and the Association for Manufacturing Excellence. Speakers include: Ralph Keller, President, Association for Manufacturing Excellence; Preston Torbert, Baker & McKenzie; Ric Frantz, LR International; Jack Nevell, Small Business Administration. 8:30 a.m. – 4:30 p.m., Hilton Oak Lawn, 9333 South Cicero Avenue, Oak Lawn, IL. Members of sponsoring organizations - $60; Non-members - $75. For information and registration, please call Nicole Tompkins at 773/594-9292 or e-mail ntompkins@norbic.org.

December 7-8, 2005: Global Manufacturing Series - AUTOMED 2005 - Park Ridge
Second Annual Global Manufacturing Series sponsored by the International Trade Club of Chicago and the Tooling & Manufacturing Association. This program spotlights the latest opportunities in the automotive and medical equipment markets through a series of practical, timely case studies. Learn as Tier II suppliers share their "success stories" in the face of global competition, while DaimlerChrysler and Cardinal Health share their approaches to finding and qualifying vendors. Manufacturers serving other sectors will also benefit from the strategies being presented. There will be a total of eight case-study presentations delivered across the four ½ day modules, with panel discussions at the end of each day. TMA Conference Center, 1177 South Dee Road, Park Ridge, IL. ITCC & TMA Members - $250; Non-members - $350. For information and registration, please call 312/368-9197 or visit: http://www.automed2005.org.

December 8, 2005: "Marketing to Manufacturers in Mexico" and "The Border Development Program" - WebEx
This session covers the two U.S. Commercial Service (CS) Mexico home-grown initiatives mentioned above. In the first half of the session, Daniel T. Crocker (Commercial Consul & Principal commercial Officer) in Monterrey will explain how U.S. companies (suppliers of components, equipment, supplies and services) can capitalize on opportunities related to Mexico's manufacturing sector. CS Mexico's Marketing to Manufacturers program is designed to help U.S. companies understand the opportunities related to this sector, which imports more than $60 Billion worth of inputs every year. In this webcast we will give an overview on the program and discuss how your company can benefit from the market intelligence that we are gathering. Following that, Judith Valdes (Senior Commercial Specialist U.S. Consulate in Tijuana) will discuss how U.S. companies can benefit from Tijuana's Border Development Program. This initiative offers participants "hands-on" exposure to the physical transportation and documentation process of cross-border trade. It enhances the participant's knowledge of the economic and trade dynamics of the Baja California region and provides specific insight into how to export into this important market. This WebEx session is available from anywhere in the U.S. via teleconference and internet.Please go to: https://www.buyusa.gov/mexico/en/sharing_more_than_a_border.html to register for this free WebEx.

December16, 2005: Doing Business in Singapore - Chicago
Scott Pozil, Commercial Officer at the U.S. Commercial Service in Singapore will be visiting our Chicago office on Friday, December 16, 2005. We invite you to join us for a 9:30 a.m. in-office briefing on Doing Business in Singapore. Best prospect sectors for U.S. exports are many and include restaurant/hospitality equipment market, telecommunications, aerospace and dental equipment. For those interested, one-on-one appointments also be available thereafter. Fee: $25. Location: 200 W. Adams, Suite 2440, Chicago. For further information or to register contact Debra Rogers at 312-353-6988 or debra.rogers@mail.doc.gov.

February 7-9, 2006: BIS Export Regulations Seminar - Chicago
This two-day program will be led by U.S. Department of Commerce Bureau of Industry & Security (BIS) professional counseling staff and will provide an in-depth examination of the Export Administration Regulations (EAR). The program will cover the information exporters need to know to comply with U.S. export control requirements on commercial goods. It will focus on what items and activities are subject to the EAR; steps to determine the export licensing requirements; how to determine the export control classification number (ECCN); export clearance procedures and record keeping requirements; Export Management System (EMS) concepts; and real life examples in applying this information. Presenters will conduct a number of "hands-on" exercises that will prepare participants to apply the regulations to their own company's export activities. Save the date! Venue & Fee TBD. Contact: Thomas Panek at 312-353-7711 or thomas.panek@mail.doc.gov