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From: RPD2 [<mailto:rpd2@bis.doc.gov>]

Sent: Wednesday, July 19, 2006 3:23 PM

To:

Cc:

Subject: RE: [QUAR] License Exception contradictions

740.10(b)(2)(iii) explains extra conditions [found in 740.10(b)(2)(iii)(A) &(B)] that must be met prior to using License Exception RPL to export a serviced commodity or software to a country listed in Country Group D:1 of Supplement No. 1 to part 740 of the Export Administration Regulations.

740.10(b)(2)(iii) states that these extra conditions apply to "Country Group D:1 (except the People's Republic of China (PRC) and North Korea)." Both PRC and North Korea are in Country Group D:1, however they are listed in that exception parenthetical for two different reasons.

PRC is listed because these extra conditions in 740.10(b)(2)(iii)(A) and (B) do not apply to PRC, because when this was written PRC was receiving favorable treatment like those countries listed in Country Group B. Therefore, when exporting or reexporting serviced parts to PRC from the United States, you would export it like any other non-D:1 country.

N. Korea is listed because it is a terrorist supporting country, therefore is ineligible for servicing and replacement under License Exception RPL, because of paragraph 740.10(b)(2)(iv) of the EAR.

I hope this clarifies the understanding of paragraph 740.10(b)(2)(iii) of the EAR as it applies to License Exception RPL eligibility. Therefore, the ECCNs listed in 740.2(a)(5) are eligible for export to PRC, but not to N. Korea under License Exception RPL.