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DEPARTMENT OF COMMERCE

Bureau of Industry and Security

15 CFR Part 744

[Docket No. 190503424-9424-01]

RIN 0694-AH83

Addition of Entities to the Entity List and Revision of an Entry on the Entity List

AGENCY: Bureau of Industry and Security, Commerce.

ACTION: Final rule.

SUMMARY: In this rule, the Bureau of Industry and Security (BIS) amends the Export Administration Regulations (EAR) by adding five entities to the Entity List. These five entities have been determined by the U.S. Government to be acting contrary to the national security or foreign policy interests of the United States. These entities will be listed on the Entity List under the destination of China. This rule also modifies one entry on the Entity List under the destination of China.

DATES: This rule is effective [INSERT DATE OF PUBLICATION IN FEDERAL REGISTER].

FOR FURTHER INFORMATION CONTACT: Chair, End-User Review Committee, Office of the Assistant Secretary, Export Administration, Bureau of Industry and Security, Department

of Commerce, Phone: (202) 482-5991, Fax: (202) 482-3911, E-mail: ERC@bis.doc.gov.

SUPPLEMENTARY INFORMATION:

Background

The Entity List (Supplement No. 4 to part 744 of the Export Administration Regulations (EAR)) identifies entities for which there is reasonable cause to believe, based on specific and articulable facts, have been involved, are involved, or pose a significant risk of being or becoming involved in activities contrary to the national security or foreign policy interests of the United States. The EAR (15 CFR, subchapter C, parts 730-774) imposes additional license requirements on, and limits the availability of most license exceptions for, exports, reexports, and transfers (in-country) to listed entities. The license review policy for each listed entity is identified in the “License review policy” column on the Entity List, and the impact on the availability of license exceptions is described in the relevant *Federal Register* notice adding entities to the Entity List. BIS places entities on the Entity List pursuant to part 744 (Control Policy: End-User and End-Use Based) and part 746 (Embargoes and Other Special Controls) of the EAR.

The End-User Review Committee (ERC), composed of representatives of the Departments of Commerce (Chair), State, Defense, Energy and, where appropriate, the Treasury, makes all decisions regarding additions to, removals from, or other modifications to the Entity List. The ERC makes all decisions to add an entry to the Entity List by majority vote and all decisions to remove or modify an entry by unanimous vote.

ERC Entity List Decision

Additions to the Entity List

Under § 744.11(b) (Criteria for revising the Entity List) of the EAR, entities for which there is reasonable cause to believe, based on specific and articulable facts, have been involved, are involved, or pose a significant risk of being or becoming involved in activities that are contrary to the national security or foreign policy interests of the United States, and those acting on behalf of such persons, may be added to the Entity List.

Pursuant to § 744.11(b) of the EAR, the ERC determined that Chinese entities Sugon and the Wuxi Jiangnan Institute of Computing Technology are involved in activities determined to be contrary to the national security and foreign policy interests of the United States. Sugon also is, as further described below, the majority owner of Higon, and Higon has ownership interests in Chengdu Haiguang Integrated Circuit and Chengdu Haiguang Microelectronics Technology. Accordingly, the ERC has also determined that Higon, Chengdu Haiguang Integrated Circuit, and Chengdu Haiguang Microelectronics Technology pose a significant risk of being or becoming involved in activities contrary to the national security and foreign policy interests of the United States.

Sugon, the Wuxi Jiangnan Institute of Computing Technology, and the National University of Defense Technology (NUDT) are the three entities leading China's development of exascale high performance computing. Sugon has publicly acknowledged a variety of military end uses and end users of its high-performance computers. Wuxi Jiangnan Institute of Computing Technology is owned by the 56th Research Institute of the General Staff of China's People's Liberation Army. Its mission is to support China's military modernization. NUDT was added to

the Entity List in February 2015, because of its use of U.S.-origin multicores, boards, and (co)processors to power supercomputers believed to support nuclear explosive simulation and military simulation activities. Since then, NUDT has procured items under the name Hunan Guofang Kei University using four separate, additional addresses not already listed on the Entity List.

Sugon is the majority owner of Higon, as noted above. Higon's business activities include integrated circuits, electronic information systems, software development, and computer system integration. Chengdu Haiguang Integrated Circuit is majority owned by Higon, and designs X86 architecture computer chips for network information servers. Chengdu Haiguang Microelectronics Technology is engaged in integrated circuit production (including design and/or manufacturing) and has a substantial ownership share by Higon through a second joint venture.

The ERC determined that the activities of Sugon, the Wuxi Jiangnan Institute of Computing Technology, the NUDT under its alias Hunan Guofang Kei University, as well as Sugon's majority ownership of Higon and Higon's ownership interests in Chengdu Haiguang Integrated Circuit and Chengdu Haiguang Microelectronics Technology, raise sufficient concern that prior review of exports, reexports, or transfers (in-country) of items subject to the EAR involving these entities, and the possible imposition of license conditions or license denials on shipments to these entities, will enhance BIS's ability to prevent activities contrary to the national security and foreign policy interests of the United States.

For the five entities added to the Entity List in this final rule, BIS imposes a license requirement for all items subject to the EAR and a license review policy of presumption of denial. In addition, no license exceptions are available for exports, reexports, or transfers (in-

country) to the persons being added to the Entity List by this rule. The acronym “a.k.a.” (also known as) is used in entries on the Entity List to identify aliases, thereby assisting exporters, reexporters, and transferors in identifying entities on the Entity List.

This final rule adds the following five entities to the Entity List in China:

- Chengdu Haiguang Integrated Circuit, including two aliases (Hygon and Chengdu Haiguang Jincheng Dianlu Sheji);
- Chengdu Haiguang Microelectronics Technology, including two aliases (HMC and Chengdu Haiguang Wei Dianzi Jishu);
- Higon, including five aliases (Higon Information Technology, Haiguang Xinxi Jishu Youxian Gongsi, THATIC, Tianjing Haiguang Advanced Technology Investment, and Tianjing Haiguang Xianjin Jishu Touzi Youxian Gongsi);
- Sugon, including nine aliases (Dawning, Dawning Information Industry, Sugon Information Industry, Shuguang, Shuguang Information Industry, Zhongke Dawn, Zhongke Shuguang, Dawning Company, and Tianjin Shuguang Computer Industry);
- Wuxi Jiangnan Institute of Computing Technology, including two aliases (Jiangnan Institute of Computing Technology and JICT).

Modification to the Entity List

This final rule implements the decision of the ERC to modify one existing entry, NUDT, which was added to the Entity List under the destination of China on February 18, 2015 (80 FR 8527). BIS is modifying the existing entry National University of Defense Technology (NUDT) to add one alias (Hunan Guofang Keji University) and four locations.

Savings Clause

Shipments of items removed from eligibility for a License Exception or export or reexport without a license (NLR) as a result of this regulatory action that were en route aboard a carrier to a port of export or reexport, on [INSERT DATE OF PUBLICATION IN FEDERAL REGISTER], pursuant to actual orders for export or reexport to a foreign destination, may proceed to that destination under the previous eligibility for a License Exception or export or reexport without a license (NLR).

Export Control Reform Act of 2018

On August 13, 2018, the President signed into law the John S. McCain National Defense Authorization Act for Fiscal Year 2019, which included the Export Control Reform Act of 2018 (ECRA) (50 U.S.C. 4801-4852), which provides the legal basis for BIS's principal authorities and serves as the authority under which BIS issues this rule. As set forth in sec. 1768 of ECRA, all delegations, rules, regulations, orders, determinations, licenses, or other forms of administrative action that have been made, issued, conducted, or allowed to become effective under the Export Administration Act of 1979 (50 U.S.C. 4601 et seq.) (as in effect prior to August 13, 2018 and as continued in effect pursuant to the International Emergency Economic Powers Act (50 U.S.C. 1701 et seq.) and Executive Order 13222 of August 17, 2001, 3 CFR, 2001 Comp., p. 783 (2002), as amended by Executive Order 13637 of March 8, 2013, 78 FR 16129 (March 13, 2013), and as extended by the Notice of August 8, 2018, 83 FR 39871 (August 13, 2018)), or the Export Administration Regulations, and were in effect as of August 13, 2018, shall continue in effect according to their terms until modified, superseded, set aside, or revoked under the authority of ECRA.

Rulemaking Requirements

1. Executive Orders 13563 and 12866 direct agencies to assess all costs and benefits of available regulatory alternatives and, if regulation is necessary, to select regulatory approaches that maximize net benefits (including potential economic, environmental, public health and safety effects, distributive impacts, and equity). Executive Order 13563 emphasizes the importance of quantifying both costs and benefits, of reducing costs, of harmonizing rules, and of promoting flexibility. This rule has been determined to be not significant for purposes of Executive Order 12866. This rule is not an Executive Order 13771 regulatory action because this rule is not significant under Executive Order 12866.

2. Notwithstanding any other provision of law, no person is required to respond to nor be subject to a penalty for failure to comply with a collection of information, subject to the requirements of the Paperwork Reduction Act of 1995 (44 U.S.C. 3501 et seq.) (PRA), unless that collection of information displays a currently valid Office of Management and Budget (OMB) Control Number. This regulation involves collections previously approved by OMB under control number 0694–0088, Simplified Network Application Processing System, which includes, among other things, license applications and carries a burden estimate of 42.5 minutes for a manual or electronic submission. Total burden hours associated with the PRA and OMB control number 0694–0088 are not expected to increase as a result of this rule. You may send comments regarding the collection of information associated with this rule, including suggestions for reducing the burden, to Jasmeet K. Seehra, Office of Management and Budget (OMB), by e-mail to Jasmeet_K._Seehra@omb.eop.gov, or by fax to (202) 395-7285.

3. This rule does not contain policies with Federalism implications as that term is defined in Executive Order 13132.

4. Pursuant to sec. 1762 of the Export Control Reform Act of 2018 (Title XVII, Subtitle B of Pub. L. 115-232), which was included in the John S. McCain National Defense Authorization Act for Fiscal Year 2019, this action is exempt from the Administrative Procedure Act (5 U.S.C. 553) requirements for notice of proposed rulemaking, opportunity for public participation, and delay in effective date.

5. Because a notice of proposed rulemaking and an opportunity for public comment are not required to be given for this rule by 5 U.S.C. 553, or by any other law, the analytical requirements of the Regulatory Flexibility Act, 5 U.S.C. 601, *et seq.*, are not applicable. Accordingly, no regulatory flexibility analysis is required and none has been prepared.

List of Subjects in 15 CFR Part 744

Exports, Reporting and recordkeeping requirements, Terrorism.

Accordingly, part 744 of the Export Administration Regulations (15 CFR parts 730–774) is amended as follows:

PART 744—[AMENDED]

1. The authority citation for part 744 is revised to read as follows:

Authority: 50 U.S.C. 4801-4852; 50 U.S.C. 4601 *et seq.*; 50 U.S.C. 1701 *et seq.*; 22 U.S.C. 3201 *et seq.*; 42 U.S.C. 2139a; 22 U.S.C. 7201 *et seq.*; 22 U.S.C. 7210; E.O. 12058, 43 FR 20947, 3 CFR, 1978 Comp., p. 179; E.O. 12851, 58 FR 33181, 3 CFR, 1993 Comp., p. 608; E.O. 12938, 59 FR 59099, 3 CFR, 1994 Comp., p. 950; E.O. 12947, 60 FR 5079, 3 CFR, 1995 Comp., p. 356; E.O. 13026, 61 FR 58767, 3 CFR, 1996 Comp., p. 228; E.O. 13099, 63 FR

45167, 3 CFR, 1998 Comp., p. 208; E.O. 13222, 66 FR 44025, 3 CFR, 2001 Comp., p. 783; E.O. 13224, 66 FR 49079, 3 CFR, 2001 Comp., p. 786; Notice of August 8, 2018, 83 FR 39871 (August 13, 2018); Notice of September 19, 2018, 83 FR 47799 (September 20, 2018); Notice of November 8, 2018, 83 FR 56253 (November 9, 2018); Notice of January 16, 2019, 84 FR 127 (January 18, 2019).

2. Supplement No. 4 to part 744 is amended:

a. under CHINA, PEOPLE’S REPUBLIC OF, by adding in alphabetical order, five Chinese entities, “Chengdu Haiguang Integrated Circuit,” “Chengdu Haiguang Microelectronics Technology,” “Higon,” “Sugon,” and “Wuxi Jiangnan Institute of Computing Technology”;

b. under CHINA, PEOPLE’S REPUBLIC OF, by revising the entry “National University of Defense Technology (NUDT)”.

The additions and revisions read as follows:

Supplement No. 4 to Part 744 - Entity List

* * * * *

Country	Entity	License requirement	License review policy	Federal Register Citation

CHINA, PEOPLE’S REPUBLIC OF	***** Chengdu Haiguang Integrated Circuit, a.k.a., the following two aliases: -Hygon; <i>and</i> -Chengdu Haiguang Jincheng Dianlu Sheji. China (Sichuan) Free Trade Zone, No.	For all items subject to the EAR. (See §744.11 of the EAR).	Presumption of denial.	84 FR [INSERT FR PAGE NUMBER AND DATE OF PUBLICATION IN THE FEDERAL REGISTER].

<p>22-31, 11th Floor, E5, Tianfu Software Park, No. 1366, Middle Section of Tianfu Avenue, Chengdu High-tech Zone, Chengdu, China.</p>			
<p>Chengdu Haiguang Microelectronics Technology, a.k.a., the following two aliases: -HMC; <i>and</i> -Chengdu Haiguang Wei Dianzi Jishu. China (Sichuan) Free Trade Zone, No. 23-32, 12th Floor, E5, Tianfu Software Park, No. 1366, Middle Section of Tianfu Avenue, Chengdu High-tech Zone, Chengdu, China.</p>	<p>For all items subject to the EAR. (See §744.11 of the EAR).</p>	<p>Presumption of denial.</p>	<p>84 FR [INSERT FR PAGE NUMBER AND DATE OF PUBLICATION IN THE FEDERAL REGISTER].</p>
<p>*****</p>			
<p>Higon, a.k.a., the following five aliases: -Higon Information Technology; -Haiguang Xinxi Jishu Youxian Gongsi; -THATIC; -Tianjing Haiguang Advanced Technology Investment; <i>and</i> -Tianjing Haiguang Xianjin Jishu Touzi Youxian Gongsi. Industrial Incubation-3-8, North 2-204, 18 Haitai West Road, Huayuan Industrial Zone, Tianjin, China.</p>	<p>For all items subject to the EAR. (See §744.11 of the EAR).</p>	<p>Presumption of denial.</p>	<p>84 FR [INSERT FR PAGE NUMBER AND DATE OF PUBLICATION IN THE FEDERAL REGISTER].</p>
<p>*****</p>			
<p>National University of Defense Technology (NUDT), a.k.a., the following one alias: -Hunan Guofang Keji University. Garden Road (Metro West), Changsha City, Kaifu District, Hunan Province, China; <i>and</i> 109 Deya Road, Kaifu District, Changsha City, Hunan Province, China, <i>and</i> 47 Deya Road, Kaifu District, Changsha City, Hunan Province, China, <i>and</i> 147 Deya Road, Kaifu District, Changsha City, Hunan Province, China, <i>and</i> 47 Yanwachi, Kaifu District, Changsha, Hunan, China.</p>	<p>For all items subject to the EAR. (See §744.11 of the EAR).</p>	<p>Presumption of denial.</p>	<p>80 FR 8527, 2/18/15. 84 FR [INSERT FR PAGE NUMBER AND DATE OF PUBLICATION IN THE FEDERAL REGISTER].</p>
<p>*****</p>			

	<p>Sugon, a.k.a., the following nine aliases:</p> <ul style="list-style-type: none"> -Dawning; -Dawning Information Industry; -Sugon Information Industry; -Shuguang; -Shuguang Information Industry; -Zhongke Dawn; -Zhongke Shuguang; -Dawning Company; <i>and</i> -Tianjin Shuguang Computer Industry. <p>Sugon Building, No. 36 Zhongguancun Software Park, No. 8 Dongbeiwang West Road, Haidian District, Beijing; <i>and</i> No. 15, Haitai Huake Street, Huayuan Industrial Zone, Tianjin; <i>and</i> Sugon Science and Technology Park, No. 64 Shuimo West Street, Haidian District, Beijing, China.</p>	<p>For all items subject to the EAR. (See §744.11 of the EAR).</p>	<p>Presumption of denial.</p>	<p>84 FR [INSERT FR PAGE NUMBER AND DATE OF PUBLICATION IN THE FEDERAL REGISTER].</p>

	<p>Wuxi Jiangnan Institute of Computing Technology, a.k.a., the following two aliases:</p> <ul style="list-style-type: none"> -Jiangnan Institute of Computing Technology; <i>and</i> -JICT. <p>No. 699, Shanshui East Road, Binhu District, Wuxi City, China, <i>and</i> No. 188, Shanshui East Road, Binhu District, Wuxi City, China.</p>	<p>For all items subject to the EAR. (See §744.11 of the EAR).</p>	<p>Presumption of denial.</p>	<p>84 FR [INSERT FR PAGE NUMBER AND DATE OF PUBLICATION IN THE FEDERAL REGISTER].</p>

Dated: June 18, 2019.

Richard E. Ashooh,

Assistant Secretary for Export Administration.

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