



# EIB World Trade Headlines

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April 1, 2017 - Volume 9, Issue 7

## SINGLE PORTAL FOR LICENSES:

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The Single Trade Application and Reporting System (STARS) directs users whose export requires a license to the export licensing systems of the Department of Commerce, Bureau of Industry and Security; the Department of State, Directorate Defense Trade Controls; and the Department of Treasury, Office of Foreign Assets Control. This single portal was created in support of the President's Export Control Reform (ECR) Initiative.

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**\* DEPARTMENT OF  
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## State Department Slated for Budget Cuts

**Trump's budget, set for release Thursday, proposes the broadest cuts to federal programs since just after World War II**

President Trump's first budget proposes sharp increases in military spending and dramatic reductions across much of the rest of the government. If the spending bill for fiscal year 2018 is approved by Congress, some agencies would be hit hard, with reductions of more than 20 percent at the Agriculture, Labor and State departments. Within the Environmental Protection Agency alone, 50 programs and 3,200 positions would be eliminated. The president's budget also proposes eliminating future federal support for the National Endowment of the Arts, the National Endowment for the Humanities and the Corporation for Public Broadcasting. The sheer size of the budget cuts would likely lead to cutbacks in the federal non-military workforce, something White House officials said was one of their goals. "You can't drain the swamp and leave all the people in it," White House Office of Management and Budget Director Mick Mulvaney told reporters.

## Florida Firm Fined \$27 Million for Export Violations

WASHINGTON, DC – The U.S. Department of Commerce's Bureau of Industry and Security today announced that it has reached a \$27 million civil settlement with Access USA Shipping, LLC ("Access USA"), of Sarasota, Florida, to settle allegations that it committed violations of the Export Administration Regulations (EAR).

Access USA settled 129 counts of evasion, 17 counts of exporting or attempting to export crime control items without the required license, and 4 counts of exporting or attempting to export to a sanctioned entity on the BIS Entity List without the required license. \$17 million dollars of the penalty was suspended for a two-year probationary period. They illegally shipped rifle scopes, night vision lenses, weapons parts, and EAR99 items.

"I am very proud of the work that our Bureau of Industry Security continues to do in defense of our laws and our national security," said Secretary Ross. "I've said it before – the games are over, and the work of these agents will be more important than ever as we bring new energy to the enforcement of our trade laws."

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Access USA, a Florida-based mail and package forwarding company, provided foreign customers with a US physical address and a "suite" – designated space at its warehouse facilities – for items purchased from United States merchants that were ultimately intended for export. Customers could have such items, which included rifle scopes, night vision lenses, weapons parts, and EAR99 items, delivered to Access USA's Florida facilities while concealing from those merchants the fact that the items were destined for export, thus avoiding the necessary scrutiny.

Item descriptions were altered and merchant invoices removed in order to avoid detection by the U.S. Government and law enforcement. Access USA thereafter exported those items without regard for its export control and compliance obligations, including its recordkeeping obligations, and without regard for the lawfulness of the shipment, the accuracy of the information conveyed to customs and law enforcement authorities, or the need to first obtain a license where one was necessary. Access USA routinely undervalued, misrepresented, and evaded regulatory requirements for items intended for export using multiple different schemes.

"BIS imposed a substantial penalty in this case after Access USA's efforts to circumvent U.S. export regulations," said Robert Luzzi, Special Agent in Charge of Commerce's Office of Export Enforcement Miami Field Office. "We will continue to work with our law enforcement partners to identify, deter, and prevent any suspected violations."

The Office of Export Enforcement investigated this case along with Homeland Security Investigations and the U.S. Attorney's Office for the Middle District of Florida. Access USA entered into a non-prosecution agreement with the U.S. Attorney's office covering the same conduct.

## Kent, Washington

In Kent, Washington, police have issued a warning to all dog owners. They are encouraging people not to pick up any tennis balls they find lying around. This can be extremely challenging for a dog owner if they let their animal off the leash.

CBS News reported that individuals enjoy making their own fireworks at home although the result can be a missing limb or instant death. Nevertheless, people across Washington state are putting fireworks into tennis balls or pipes. If the "fireworks" don't explode as planned, they usually leave the tennis ball on the ground like a land mine waiting to rip someone's leg off.

These duds become active "tennis ball bombs"

## Cyber Attackers \$3 Million Reward

Four individuals—two Russian Federal Security Service (FSB) officers and two criminal hackers—have been charged by a federal grand jury in the Northern District of California in connection with one of the largest cyber intrusions in U.S. history, which compromised the information of at least 500 million Yahoo accounts.

One of the criminal hackers was arrested yesterday by Canadian authorities. The two FSB officers and the second hacker, last known to have been in Russia, are currently fugitives wanted by the FBI.

The indictments were announced today by U.S. Department of Justice Acting Assistant Attorney General Mary McCord, FBI Executive Assistant Director Paul Abbate, and Northern District of California U.S. Attorney Brian Stretch during a press conference in Washington, D.C.

The FSB is an intelligence and law enforcement agency of the Russian Federation, and it's believed that the two FSB officers work in an FSB unit that serves as the FBI's point of contact in Moscow on cyber crime matters. According to McCord, "The involvement and direction of FSB officers with law enforcement responsibilities make this conduct that much more egregious—there are no free passes for foreign state-sponsored criminal behavior."

According to the indictment, from about April 2014 up to at least December 2016, FSB officers Dmitry Dokuchaev and Igor Sushchin directed this cyber intrusion conspiracy—which involved malicious files and software tools being downloaded onto Yahoo's network—that resulted in the compromise of that network and the theft of subscriber information from at least 500 million accounts. This stolen information was then used to obtain unauthorized access to the contents of accounts at Yahoo, Google, and other webmail providers.

The indictment says that Dokuchaev and Sushchin paid, directed, and protected two known criminal hackers who took part in the scheme—Alexsey Belan, a Russian national and resident, and Karim Baratov, born in Kazakhstan and a naturalized Canadian citizen and resident. Belan, who has been indicted twice in the U.S. in the past for cyber-related crimes, is currently on the FBI's Cyber's Most Wanted list and is the subject of a Red Notice for Interpol nations, which includes Russia.

The information stolen from the 500 million user accounts came from Yahoo's proprietary user data base, which contained information such as users' names, recovery e-mail addresses, phone numbers, and certain information needed to manually create account authentication web browser cookies.

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What were the alleged perpetrators after? In part, they used access to Yahoo's networks to identify and access accounts of possible interest to the FSB, including those of Russian journalists, U.S. and Russian government officials, and employees of U.S., Russian, and other providers whose networks the conspirators sought to exploit. Additional victim accounts belonged to private sector employees of financial, transportation, and other types of companies.

However, the co-conspirators were not above using the information they stole for personal financial gain. For example, Belan allegedly searched Yahoo user communications for credit card and gift card account numbers. He also leveraged the contact lists obtained from at least 30 million Yahoo accounts to perpetrate his own spam scheme.



Computer intrusions, by their very nature, are international in scope, so they require an international effort to unmask the worldwide hacking networks responsible for them. And this case was no different. Abbate expressed the Bureau's gratitude to our international partners for their assistance and support leading up to these criminal charges today—specifically mentioning the Royal Canadian Mounted Police, the Toronto Police Service, and the United Kingdom's MI5.

Another important aspect of this case involved the victim companies—including Yahoo and Google—coming forward and working with law enforcement. This collaboration ultimately resulted in countering the malicious activities of state actors and bringing criminals to justice. It also illustrates that the FBI can successfully work these kinds of investigations with victim companies while respecting the various concerns and considerations businesses might have about the impact of going public.

"This is a highly complicated investigation of a very complex threat," said Abbate. "It underscores the value of early, proactive engagement and cooperation between the private sector and the government."

Among the FBI's major investigative priorities are to protect the U.S. against foreign intelligence operations and espionage and to protect the U.S. against cyber-based attacks and high-technology crimes. This case involved both. And it doesn't matter to us whether the perpetrators of such crimes are run-of-the-mill criminals or sophisticated foreign states and their agents. With the help of our partners here and/or abroad, we will identify those responsible and hold them accountable for their actions.

## Yemen Raid on Al Qaeda Led to Laptop Ban

Intel Sources fear terrorist can make bombs as small as computer batteries, provoking the ban on carry-on electronics at sensitive foreign airports.

## State Department darkens the briefing room again amid search for new spokesperson

Less than three weeks after resuming, the State Department has once again stopped holding press briefings while the agency searches for a new spokesperson.

For at least two weeks, officials at the State Department will not hold a public briefing, according to officials with the department. After that, it is unclear if briefings will resume immediately and what form they will take. In the meantime, the State Department have been briefing reporters on background only, which means officials cannot be quoted by name in any news stories.

The briefings, traditionally televised daily, have been a fixture since the Eisenhower administration, and are watched closely in Washington, D.C., and around the world for guidance on the United States' foreign policy and reaction to world events.

The State Department did not hold briefings for its first six and a half weeks after Trump took office. Once it did, the department eschewed tradition and held only four each week, two on camera and two over the phone.

Mark Toner, a career foreign service officer who often briefed reporters under the Obama administration, stayed on as acting spokesperson when Trump took office. But now, Toner is transitioning to a new assignment, with no announced replacement.

Fox News anchor Heather Nauert was in talks to come on board and was being vetted, a source told ABC News earlier this month. A State Department official would only confirm this week that a new spokesperson is in the process of being vetted and approved.

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Alex Howard, deputy director of transparency advocate the Sunlight Foundation, expressed concern about the lack of briefings, calling it “an unfortunate continuation of what we’ve seen from the very top of this administration.”

“This is a great briefing that has a different quality and depth than any you’ll see in government. ... It contains the U.S. position on foreign policy issues that span the world,” he said, pointing out that embassies take their cues from them and that foreign governments watch for changes in America’s position. “These are not just Kabuki sessions.”

Michael Abramowitz, president of the independent watchdog group Freedom House, agreed. “In many ways, with the possible exception of the White House spokesperson, the State Department spokesperson is perhaps the most important in the entire U.S. government because the State Department spokesperson is basically sending out what U.S. foreign policy is to the whole world,” he said.

But Abramowitz noted that it does take some time to train a new spokesperson. “[These briefings] are very complicated, and it’s easy to make mistakes,” he added. No one is yet undergoing training for the role, State Department officials said.

Whoever is behind the podium will be speaking on behalf of Secretary of State Rex Tillerson, who has avoided the press and expressed his desire to stay out of the spotlight, drawing a barrage of criticism citing the importance of public diplomacy and advocating for transparency and press access.

Since he was sworn in on Feb. 1, Tillerson has so far only granted one interview, with a reporter from the conservative site Independent Journal Review who was also the only journalist allowed to travel with the secretary on his trip to Asia earlier this month.

On other past trips, the State Department has limited the number of reporters on the secretary’s plane to just a pool reporter -- a journalist there on behalf of all news organizations who shares their reporting.

According to Howard, limiting press access to Tillerson and the State Department threatens America’s ability to influence other countries on the world stage.

“Tillerson is still acting like a corporate CEO. ... By not having press with him, by not having briefings, or really embracing the role the media plays, you’re actually diminishing the impact of American soft power around the world,” he said.

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If the trend continues, there is reason to be concerned, said Abramowitz. "The secretary will find that not only is it his responsibility to explain U.S. policy to the American public and the press corps directly, but it's also in his interest," he said.

"A lot of the great secretaries of state of the last 25 years spoke to the press all the time," Abramowitz added, referencing James Baker and Henry Kissinger in particular. "It's part of the job."

Tillerson defended himself in his interview with IJR, arguing that he believes it is better to come to the press once the department has fully formulated policy. When he has something to share, he said, he will.

When Toner was pressed last Thursday about press access, his first response was to cite the briefing itself as a sign of the administration's commitment.

"This is a forum where we can talk about foreign policy. I have to answer your questions, I have to defend our policy decisions across a broad spectrum of issues, and that is, I think, a testament to our commitment to a free press," he said.

## United States and Laos Hold Inaugural Meeting Under the U.S.-Laos Trade and Investment Framework Agreement (TIFA)

VIENTIANE, LAOS -- The United States and Laos today held their first meeting under the U.S.-Laos Trade and Investment Framework Agreement (TIFA) Joint Trade and Investment Committee. The United States emphasized the Trump Administration's commitment to expanding ties with countries in the Asia-Pacific region, and the United States and Laos affirmed their interest in growing bilateral trade and investment between them, committing to continue work on outstanding bilateral issues.

The meeting, chaired by Assistant U.S. Trade Representative Barbara Weisel and Industry and Commerce Deputy Minister Somchith Inthamith, included, for Laos, officials from the Ministries of Industry and Commerce, Foreign Affairs, Science and Technology, Post and Telecommunications, Labor and Social Welfare, and Agriculture and Forestry and, for the United States, officials from the Office of the U.S. Trade Representative, the U.S. Department of State, and the U.S. Department of Agriculture. The United States and Laos discussed the importance of expeditiously addressing key bilateral issues, including digital trade, agriculture and sanitary and phytosanitary standards, intellectual property, autos, investment, good governance, labor, and illegal logging and wildlife trafficking.

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The United States and Laos reviewed Laos's implementation of its WTO accession commitments and the WTO trade facilitation agreement, as well as Laos's participation in the WTO Information Technology Agreement. They also discussed the upcoming U.S.-ASEAN TIFA meeting on March 30 and opportunities to advance U.S.-ASEAN ties.

### Background

The United States and Laos signed a TIFA in February 2016. Two-way goods trade between the United States and Laos grew over five-fold in the past 10 years to \$86 million, with U.S. exports up more than 25 percent in the last year. Two-way agricultural trade grew 19-fold in the same period to \$6 million.

## DEPARTMENT OF COMMERCE Bureau of Industry and Security

### 15 CFR Part 744

[Docket No. 170109042-7255-01]

RIN 0694-AH30

**Removal of Certain Persons From the Entity List; Addition of a Person to the Entity List; and EAR Conforming Change**

**AGENCY:** Bureau of Industry and Security, Commerce.

**ACTION:** Final rule.

**SUMMARY:** This rule amends the Export Administration Regulations (EAR) by removing two persons listed under the destination of China from the Entity List. The two removals are the result of a request for removal received by BIS pursuant to the section of the EAR used for requesting removal or modification of an Entity List entry and a review of information provided in the removal request in accordance with the procedure for requesting removal or modification of an Entity List entity. In light of the recent settlement of administrative and criminal enforcement actions against ZTE Corporation and ZTE Kangxun, the End- User Review Committee (ERC) has determined that these two persons being removed have performed their undertakings to the U.S. Government in a timely manner and have otherwise cooperated with the U.S. Government in resolving the matter which led to the two entities' listing.

This final rule also adds one person to the Entity List. This person who is added to the Entity List has been determined by the U.S. Government to be acting contrary to the national security or foreign policy interests of the United States. This person will be listed on the Entity List under the destination of China.

Lastly, this final rule makes a conforming change to the EAR as a result of the removal of these two persons from the Entity List.

*(\*Continued On The Following Page)*

## Background:

The Entity List (Supplement No. 4 to part 744) identifies entities and other persons reasonably believed to be involved, or to 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 imposes additional license requirements on, and limits the availability of most license exceptions for, exports, reexports, and transfers (in-country) to those listed. The “license review policy” for each listed entity or other person 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 Federal Register notice adding entities or other persons to the Entity List. BIS places entities and other persons on the Entity List pursuant to sections of 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 Decisions

### *Removals From the Entity List*

This rule implements a decision of the ERC to remove the following two entries from the Entity List: Zhongxing Telecommunications Equipment (ZTE) Corporation and ZTE Kangxun Telecommunications Ltd. These two entities were added to the Entity List on March 8, 2016 (see 81 FR 12006).

The U.S. Government recently reached an agreement with ZTE Corporation and ZTE Kangxun for the settlement of administrative charges and entry of a guilty plea in a criminal case against the companies. On March 7, 2017, Secretary of Commerce Wilbur L. Ross, Jr., issued a statement regarding the settlement and guilty plea, which resulted in a very substantial monetary penalty, intrusive independent monitoring, and additional suspended penalties that will be imposed if ZTE fails to meet its obligations or further violates U.S. export controls.

(\*Continued On The Following Column)

In light of the settlement, the ERC has determined that ZTE Corporation and ZTE Kangxun have performed their undertakings to the U.S. Government in a timely manner and have otherwise cooperated with the U.S. Government in resolving the matter which led to the two entities’ listing. Therefore, the ERC has decided to remove these two entities from the Entity List.

This final rule implements the decision to remove the following two entities located in China from the Entity List

### **Country:**

CHINA, PEOPLE’S REPUBLIC OF

### **Entity:**

Shi Lirong, Yuanzhong Garden Tower A, Room 26A, Futian, Shenzhen, China; and Xinghai Mingcheng, 2nd Floor, Shenzhen, China.

### **License Requirement:**

For all items subject to the EAR. (See § 744.11 of the EAR).

### **License Review Policy:**

Presumption of denial.

### **Federal Register citation:**

82 FR [INSERT FR PAGE NUMBER]; March 29, 2017.

### **15 CFR Part 744**

[Docket No. 170103009–7300–02]

RIN 0694–AH28

### **Removal of Certain Persons From the Entity List**

**AGENCY:** Bureau of Industry and Security, Commerce.

**ACTION:** Final rule.

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**SUMMARY:** This rule amends the Export Administration Regulations (EAR) by removing seven persons under ten entries from the Entity List. This rule removes four persons listed under the destination of Germany, one person listed under the destination of Hong Kong, one person listed under the destination of India, one person listed under the destination of Singapore, one person listed under the destination of Switzerland, and two persons under the destination of the United Arab Emirates from the Entity List. The three additional entries are being removed to account for two persons listed under more than one destination on the Entity List. All seven of the removals are the result of requests for removal received by BIS pursuant to the section of the EAR used for requesting removal or modification of an Entity List entity and a review of information provided in the removal requests in accordance with the procedure for requesting removal or modification of an Entity List entity.

**Background:** The Entity List (Supplement No. 4 to part 744) identifies entities and other persons reasonably believed to be involved, or to 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 imposes additional license requirements on, and limits the availability of most license exceptions for, exports, reexports, and transfers (in-country) to those listed. The “license review policy” for each listed entity or other person 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 Federal Register notice adding entities or other persons to the Entity List. BIS places entities and other persons on the Entity List pursuant to sections of part 744 (Control Policy: End-User and End-Use Based) and part 746 (Embargoes and Other Special Controls) of the EAR. The 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 Decisions

#### *Removal From the Entity List*

This rule implements a decision of the ERC to remove the following ten entries from the Entity List on the basis of removal requests received by BIS: Industrio GmbH, Martin Hess, Peter Duenker, and Wilhelm “Bill” Holler, all located in Germany; Frank Genin, located in Hong Kong and the U.A.E. (which accounts for two of the entries this final rule removes); Beaumont Trading AG, located in India, Switzerland, and the U.A.E. (which accounts for three of the entries this final rule removes); and Amanda Sng, located in Singapore. These seven persons under ten entries were added to the Entity List on March 21, 2016 (see 81 FR 14958). The ERC decided to remove these seven persons under ten entries based on information received by BIS pursuant to § 744.16 of the EAR

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*“Change is inevitable. Progress is optional.”*  
*– Tony Robbins*