



EIB World Trade Headlines

Evolutions In Business • www.eib.com • (978) 256-0438
Fax: (978) 250-4529 • P.O. Box 4008, Chelmsford, MA 01824

August 1, 2023 - Volume 18, Issue 15



For Immediate Release

STATEMENT BY SECRETARY ANTONY J. BLINKEN

July 20, 2023

Imposing Additional Sanctions on Those Supporting Russia's War Against Ukraine

The Departments of State and Treasury are imposing sanctions on nearly 120 individuals and entities today to further hold Russia accountable for its illegal invasion of Ukraine and degrade its capability to support its war efforts. These sanctions will restrict Russia from accessing critical materials, inhibit its future energy production and export capabilities, curtail its use of the international financial system, and crack down on those complicit in sanctions evasion and circumvention.

Since Russia launched its full scale invasion of Ukraine, the United States, working with our allies and partners, has taken unprecedented steps to impose costs on Russia and promote accountability for the individuals and entities who support its illegal war. We will continue to stand with Ukraine for as long as it takes.

Today's actions were taken pursuant to Executive Order 14024, which authorizes sanctions with respect to specified harmful foreign activities of the Government of the Russian Federation. For more information on these actions, please see the Department of State Fact Sheet and the Department of the Treasury press release.

NEWSLETTER NOTES

- [Statement by Secretary Anthony Blinken...](#)
- [The Biden Administration...](#)
- [Imposing Additional Sanctions...](#)
- [Date: July 26, 2023...](#)
- [Department of Justice...](#)
- [Department of Commerce's...](#)
- [Department of the Treasury's...](#)
- [Fincen's Anti-Money...](#)
- [Russia, Belarus, and Occupied...](#)
- [DECCS Outage Notice...](#)
- [Treasury Sanctions...](#)
- [US Department of State...](#)
- [For Immediate Release July 26, 2023...](#)
- [Artemis Accords Overview...](#)
- [Breakout Time...](#)
- [US Treasury Targets...](#)

The Biden administration announces a cybersecurity labeling program for smart devices

By The Associated Press Updated July 18, 2023

WASHINGTON (AP) — The Biden administration and major consumer technology players on Tuesday launched an effort to put a nationwide cybersecurity certification and labeling program in place to help consumers choose smart devices that are less vulnerable to hacking. Officials likened the new U.S. Cyber Trust Mark initiative — to be overseen by the Federal Communications Commission, with industry participation voluntary — to the Energy Star program, which rates appliances' energy efficiency.

"It will allow Americans to confidently identify which internet- and Bluetooth-connected devices are cybersecure," deputy national security adviser Anne Neuberger told reporters in a pre-announcement briefing.

Amazon, Best Buy, Google, LG Electronics USA, Logitech and Samsung as among industry participants.

Devices including baby monitors, home security cameras, fitness trackers, TVs, refrigerators and smart climate control systems that meet the U.S. government's cybersecurity requirements will bear the "Cyber Trust" label, a shield logo, as early as next year, officials said. FCC Chairwoman Jessica Rosenworcel said the mark will give consumers "peace of mind" and benefit manufacturers, whose products would need to adhere to criteria set by the National Institute of Standards and Technology to qualify

Imposing Additional Sanctions on Those Supporting Russia's War Against Ukraine- Fact Sheet

Office of the Spokesperson

July 20, 2023

Today, the United States is imposing sanctions on individuals and entities in order to degrade Russia's current and future military capabilities, reduce Russia's revenue by targeting its future energy projects, and curb sanctions evasion by targeting those who help Russia procure sensitive material, and curtail Russia's use of the international financial system to further its war. All targets below are being designated pursuant to Executive Order 14024, which authorizes sanctions with respect to specified harmful foreign activities of the Government of the Russian Federation.

CONTINUED DEGRADATION OF RUSSIA'S FUTURE ENERGY PRODUCTION AND EXPORT CAPABILITIES

The Department of State (The Department) is designating multiple entities involved in expanding Russia's ability to finish construction of key future energy projects, as well as entities engaged in exploratory drilling throughout Russia.

- AO Nipigazpererabotka (Nipigaz) is being designated pursuant to section 1(a)(i) for operating or having operated in the engineering sector of the Russian Federation economy. Nipigaz is a leading Russian engineering, procurement, and construction (EPC) entity that is directing construction activities and purchasing material for the development of future Russian energy export projects.

*(*Continued On The Following Column)*

The following entities are subsidiaries of Nipigaz and are being designated pursuant to section 1(a)(vii) for being owned or controlled by, or for having acted or purported to act for or on behalf of, directly or indirectly, Nipigaz, an entity whose property and interests in property are blocked:

*Obshestvo S Ogranichennoj Otvetstvennostyu Nipigaz IT is a subsidiary of Nipigaz that performs computer software development and designs, advises, and examines computer systems and technology.

*Obshestvo S Ogranichennoj Otvetstvennostyu Nipigaz Aktiv is a subsidiary of Nipigaz that rents and manages real estate.

The following entities are being designated pursuant to section 1(a)(i) for operating or having operated in the metals and mining sector of the Russian Federation economy:

*Burovaya Kompaniya Eurasia Limited Liability Company (BKE) is a Russian oilfield services company involved in the provision of drilling equipment and services related to exploring and drilling new oil and gas well sites. BKE also performs well intervention services.

*Joint Stock Company Siberian Service Company (Siberian Service Company) is a Russian oilfield services company involved in the provision of drilling services related to exploring and drilling new oil and gas well sites.

TARGETING SHIPPING AND LOGISTICAL SUPPORT TO FUTURE ENERGY PROJECTS

The Department is also designating Sakhalin Shipping Company (SASCO), a Russian shipping company that has provided key logistical support to multiple Russian future energy projects. SASCO has provided support for future energy projects by delivering construction material and equipment via sea to the Taimyr Peninsula. SASCO is also involved in expanding Russia's trade routes to new jurisdictions as the Russian Federation looks to backfill economic connections it has lost due to the invasion of Ukraine. SASCO is being designated pursuant to section 1(a)(i) for operating or having operated in the marine sector of the Russian Federation economy.

The following entities are subsidiaries of SASCO and are being designated pursuant to section 1(a)(vii) for being owned or controlled by, or for having acted or purported to act for or on behalf of, directly or indirectly, SASCO:

*OOO MPL Vanino Sakhalin is responsible for facilitating the renting and leasing of maritime transport equipment for SASCO.

*AO Vostok Treid Invest is responsible for buying and selling real estate for SASCO.

The following vessels are being identified as blocked property in which SASCO has an interest:

- *SASCO ALDAN
- *SASCO AVACHA
- *SASCO ANGARA
- *SASCO ANIVA
- *PATRIA
- *ZEYA
- *KUNASHIR
- *PARAMUSHIR
- *SELENGA
- *SHANTAR
- *SIMUSHIR
- *SAKHALIN 8
- *SAKHALIN 9
- *SAKHALIN 10

*(*Continued On The Following)*

CONTINUING PRESSURE ON ROSATOM

This is the fourth Russia sanctions action in a row that includes designations of State Atomic Energy Corporation Rosatom (Rosatom) subsidiaries. The following subsidiaries of Rosatom are being designated pursuant to section 1(a)(vii) for being owned or controlled by, or having acted or purported to act for or on behalf of, directly or indirectly, the Government of the Russian Federation:

*AEM Propulsion is involved in the production and supply of elements of propulsion systems for ships of various purposes and classes.

*NPO KIS was established in October 2022, and is involved in the production and procurement of various microelectronics.

DEFENSE INDUSTRIAL BASE AND TECHNOLOGY PROCUREMENT

The Department is designating multiple defense entities and procurement companies working to acquire goods in support of Russia's war effort. These designations underscore our commitment to combatting sanctions evasion and key procurement networks that Russia is trying to establish in order to maintain its defense industrial base and support its illegal war against Ukraine.

The Department is designating the following entities pursuant to section 1(a)(i) for operating or having operated in the technology sector of the Russian Federation economy:

*Limited Liability Company Fivel is a Russian tech company that carries out wholesale deliveries of electronic components to Russian clients.

*Limited Liability Company Fifth Element Trading is a Russian supplier of electronic components and devices.

*Radiant EK AO is a Moscow-based distributor of computer chips and other electronic parts.

*Limited Liability Company AB Optiks is a Russian optics manufacturer and supplier, providing infrared cameras and diagnostic systems.

*Limited Liability Company Fortap is a Russian tech company that has imported millions of dollars of electronics, including U.S.-made computer parts, into Russia.

The following entity is being designated pursuant to section 1(a)(i) for operating or having operated in the transportation sector of the Russian Federation economy:

*Limited Liability Company IMEX Expert (IMEX Expert) is a Russian logistics company working to procure non-Russian goods and circumvent sanctions.

The following entities are being designated pursuant to section 1(a)(i) for operating or having operated in the defense and related materiel sector of the Russian Federation economy:

*Vityaz Machine Building Company Joint Stock Company (Vityaz) is a Russian defense company that is engaged in the development, production, operation, and repair of armored vehicles that are designed for operation in difficult road and climate conditions.

*Closed Joint Stock Company Kilmovskiy Specialized Ammunition Plant (KSPZ AO) is a Russian defense company that manufactures naval, aircraft, tank, coast, and field artillery and is responsible for manufacturing and selling firearms and ammunition.

*Federal State Enterprise YA M Sverdlov Plant (Sverdlov Plant) is a large Federal State-owned enterprise in Russia that produces explosives, industrial chemicals, detonators and ammunition.

*Joint Stock Company Concern Kalashnikov (Kalashnikov Concern) is Russia's leading manufacturer of automatic and sniper combat firearms, guided artillery munitions, and a wide range of weapons. It is the flagship company of Russia's weapons industry. Kalashnikov Concern was previously designated in 2015 pursuant to E.O. 13661.

*(*Continued On The Following Column)*

The following entity is being designated pursuant to section 1(a)(i) for operating or having operated in the aerospace sector of the Russian Federation economy:

*Limited Liability Company Kosmosavia (Kosmosavia) operates or has operated in the aerospace sector of the Russian Federation economy. Kosmosavia is a Russian supplier of aviation equipment and spare parts for Russian civil helicopters and cargo aircraft.

RUSSIAN PRIVATE MILITARY COMPANIES (PMCs)

The Department is also taking action to further target PMCs supporting Russia's war against Ukraine and other harmful activities of the Russian government outside of Russia.

*Limited Liability Company Private Security Organization Gazpromneft Okhrana (Okhrana) is being designated pursuant to section 1(a)(vii) for being owned or controlled by, or for having acted or purported to act for or on behalf of, directly or indirectly, the Government of the Russian Federation. Okhrana is a security company established by PJSC Gazprom, which is subject to Directive 4 under E.O. 13662 and Directive 3 under E.O. 14024.

*Limited Liability Company Vega Strategic Services (PMC Vega) is being designated pursuant to section 1(a)(i) for operating or having operated in the defense and related materiel sector of the Russian Federation economy. PMC Vega is a Russian private military company that has operated in Syria and Venezuela.

*Anatoliy Anatolievich Smolin is the publicly identified leader of PMC Vega and is being designated pursuant to section 1(a)(iii)(C) for being or having been a leader, official, senior executive officer, or member of the board of directors of PMC Vega, an entity whose property and interests in property are blocked.

*IRBIS SKY TECH is being designated pursuant to section 1(a)(i) for operating or having operated in the defense and related materiel sector of the Russian Federation economy. IRBIS SKY TECH is a Russian unmanned aerial vehicle (UAV) production and development company. IRBIS SKY TECH UAVs are utilized in combat by Russian Armed Forces in Ukraine.

*Igor Mikhailovich Stramilov (Stramilov) is being designated pursuant to section 1(a)(i) for operating or having operated in the defense and related materiel sector of the Russian Federation economy. Stramilov is the founder and ultimate owner of PMC Vega. Stramilov is involved in the supply of combat UAVs and other military equipment for the Russian Armed Forces, as well as their performance on the battlefield in Ukraine.

The following entities are designated pursuant to section 1(a)(vii) for being owned or controlled by, or having acted or purported to act for or on behalf of, directly or indirectly, Stramilov, a person whose property and interests in property are blocked.

*Limited Liability Company Legion is a private security company owned by Stramilov.

*Limited Liability Company Legat is a private security company owned by Stramilov.

CONSTRAINING MOSCOW'S MILITARY SPACE ENDEAVORS

Together with the Department of the Treasury, the Department of State is designating a number of targets that are part of Russia's military space program. These designations further our efforts to degrade Russia's ability to develop aerospace technologies, which could be deployed in support of its ground forces fighting in Ukraine.

*(*Continued On The Following Page)*

*The Central Research Institute of the Russian Air and Space Forces (TsNII VVKO) is being designated pursuant to section 1(a)(i) for operating or having operated in the defense and related materiel sector of the Russian Federation economy. TsNII VVKO conducts research and development of aerospace defense systems for the Russian Federation.

*Center for Operation of Space Ground-Based Infrastructure (AO Tsenki) is being designated pursuant to section 1(a)(i) for operating or having operated in the aerospace sector of the Russian Federation economy. AO Tsenki is responsible for the maintenance of Russia's ground-based space infrastructure.

*JSC Aviation Electronics and Communication Systems (AVEKS) is being designated pursuant to section 1(a)(i) for operating or having operated in the aerospace sector of the Russian Federation economy. AVEKS is engaged in the design and manufacture of power supply systems for spacecraft and control systems of electronic propulsion systems.

IMPOSING COSTS ON THE WAGNER GROUP'S LEADER YEVGENIY PRIGOZIN

The Department is designating two individuals linked to Wagner Group leader Yevgeniy Prigozhin, both of whom have been involved in the shipment of munitions to the Russian Federation.

*Valeriy Yevgenyevich Chekalov (Chekalov) is designated pursuant to section 1(a)(vii) for acting or purporting to act for or on behalf of, directly or indirectly, Yevgeniy Viktorovich Prigozhin, a person whose property and interests in property are blocked. Chekalov has acted for or on behalf of Prigozhin and has facilitated shipments of munitions to the Russian Federation.

*Yong Hyok Rim (Rim) is designated pursuant to section 1(a)(vi)(B) for having materially assisted, sponsored, or provided financial, material, or technological support for, or goods or services to or in support of, Yevgeniy Viktorovich Prigozhin, a person whose property and interests in property are blocked. Rim, a North Korea national, has assisted or provided support for Prigozhin and has facilitated shipments of munitions to the Russian Federation.

RUSSIAN FEDERATION ELITES, GOVERNMENT OFFICIALS, AND MALIGN ACTORS

The Department is also designating multiple senior Russian government officials and malign actors as part of continued efforts to impose costs on and promote accountability for the bureaucratic enablers of Russia's illegal war. The Department is additionally designating certain targets acting for the benefit of Russia in areas that it has temporarily occupied in Ukraine, involved in infrastructure projects that attempt to help cement Russia's occupation of parts of Ukraine's territory. Russian Federation Elites and Government Officials

*Aleksey Leonidovich Kudrin (Kudrin) is a Russian technology firm corporate development advisor with close ties to Vladimir Putin. Kudrin is being designated pursuant to section 1(a)(i) for operating or having operated in the technology sector of the Russian Federation economy.

*Pavel Alekseevich Marinychev (Marinychev) is the CEO of PJSC Alrosa (Alrosa), a diamond mining company that is majority-owned by the Government of the Russian Federation. Alrosa and its former CEO were designated by the United States in April 2022. Marinychev is being designated pursuant to section 1(a)(i) for operating or having operated in the metals and mining sector of the Russian Federation economy.

*(*Continued On The Next Column)*

The following individuals are being designated pursuant to section 1(a)(iii)(A) for being or having been leaders, officials, senior executive officers, or members of the board of directors of the Government of the Russian Federation:

Ilya Eduardovich Torosov is a Deputy Minister of Economic Development of the Russian Federation.

Aleksey Igorevich Khersontsev is a Deputy Minister of Economic Development of the Russian Federation.

Vasiliy Sergeevich Osmakov is a Deputy Minister of Industry and Trade of the Russian Federation.

Pavel Nikolaevich Snikkars is a Deputy Minister of Energy of the Russian Federation.

Leonid Vladimirovich Gornin is a Deputy Finance Minister of the Russian Federation.

Pavel Yurevich Sorokin is a Deputy Minister of Energy of the Russian Federation.

Sergey Borisovich Korolev is the First Deputy Director of Russia's Federal Security Service (FSB).

Vasiliy Nikolaevich Anokhin is the Governor of Russia's Smolensk region.

Malign Actors

- **State Unitary Enterprise of the Donetsk People's Republic Republican Center Trading House Vtormet (Vtormet)** is being designated pursuant to section 1(a)(ii)(F) for being responsible for or complicit in, or having directly or indirectly engaged or attempted to engage in, activities that undermine the peace, security, political stability, or territorial integrity of the United States, its allies, or its partners, for or on behalf of, or for the benefit of, directly or indirectly, the Government of the Russian Federation. Vtormet is a so-called Donetsk Peoples Republic "state enterprise," which buys and sells ferrous and non-ferrous scrap metal and is involved in infrastructure projects that attempt to help cement Russia's occupation of parts of Ukraine's territory.
 - **Maksim Valeriovych Soldatov (Soldatov)** is being designated pursuant to section 1(a)(iii)(C) for being or having been a leader, official, senior executive officer, or member of the board of directors of, Vtormet, an entity whose property and interests in property are blocked. Soldatov is the CEO and General Director of Vtormet.

SANCTIONS IMPLICATIONS

As a result of today's actions, all property and interests in property of the designated persons described above that are in the United States or in possession or control of U.S. persons are blocked and must be reported to the Department of the Treasury's Office of Foreign Assets Control (OFAC). Additionally, any entities that are owned, directly or indirectly, 50 percent or more by one or more blocked persons are also blocked. All transactions by U.S. persons or within (or transiting) the United States that involve any property or interests in property of designated or otherwise blocked persons are prohibited unless authorized by a general or specific license issued by OFAC, or exempt.

These prohibitions include the making of any contribution or provision of funds, goods, or services by, to, or for the benefit of any blocked person and the receipt of any contribution or provision of funds, goods, or services from any such person.

Date: July 26, 2023

**Department of Commerce, Department of the Treasury, and
Department of Justice Tri-Seal Compliance Note:
Voluntary Self-Disclosure of Potential Violations
OVERVIEW**

U.S. businesses are at the vanguard of technological advancements: inventing new materials, making scientific breakthroughs, and otherwise advancing U.S. technological and financial leadership. 1 As key participants in international trade and finance, businesses also play a critical role in identifying threats from malicious actors and helping to protect our national security by complying with U.S. sanctions, export controls, and other national security laws. It is critical that businesses work together with the U.S. Government to prevent sensitive U.S. technologies and goods from being used by our adversaries and to prevent abuse of the U.S. financial system by sanctioned individuals, entities, and jurisdictions. Compliance with sanctions, export controls, and other national security laws is paramount. If a company discovers a potential violation, whether it is an administrative or criminal violation, that company should promptly disclose and remediate. This is especially true for potential violations of U.S. national security laws, including those governing sanctions and export controls. Self-disclosing potential violations can provide significant mitigation of civil or criminal liability, the extent of which depends on the agency, but may extend so far as a non-prosecution agreement or a reduction of 50 percent in the base penalty amount for civil or criminal penalties.

To assist the private sector in ensuring that businesses and other organizations timely and appropriately disclose potential violations, this Note describes voluntary self-disclosure (VSD) policies that apply to U.S. sanctions, export controls, and other national security laws as well as recent updates that have been made to certain of those policies. 1 See, e.g., Remarks by National Security Advisor Jake Sullivan at the Special Competitive Studies Project Global Emerging Technologies Summit (Sept. 16, 2022), available at: <https://www.whitehouse.gov/briefing-room/speeches-remarks/2022/09/16/remarks-by-national-security-advisor-jake-sullivan-at-the-special-competitive-studies-project-global-emerging-technologies-summit/>.

**DEPARTMENT OF JUSTICE'S NATIONAL SECURITY
DIVISION'S UPDATED VOLUNTARY SELF-DISCLOSURE
POLICY**

The Department of Justice's National Security Division (NSD) has long recognized that the unlawful export of sensitive commodities, technologies, and services poses a serious threat to the national security of the United States. Engaging in transactions with sanctioned individuals and entities poses an equally serious threat.

As part of its effort to address these threats, NSD on March 1, 2023, issued an updated VSD policy covering potential criminal violations of export control and sanctions laws.2 NSD's policy is designed to provide incentives for companies and other organizations to come forward promptly when they identify or otherwise become aware of potential criminal violations of U.S. sanctions and export control laws. A prompt voluntary self-disclosure provides a means for a company to reduce—and, in some cases, avoid altogether—the potential for criminal liability.

*(*Continued On The Following Column)*

Moving forward, where a company voluntarily self-discloses potentially criminal violations, fully cooperates, and timely and appropriately remediates the violations, NSD generally will not seek a guilty plea, and there will be a presumption that the company will receive a non-prosecution agreement and will not pay a fine. Companies that qualify for a non-prosecution agreement (or declination, where appropriate) are not permitted to retain any of the unlawfully obtained gain from the underlying misconduct. The presumption in favor of a non-prosecution agreement does not apply, however, where there are aggravating factors. Those factors include egregious or pervasive criminal misconduct within the company, concealment or involvement by upper management, repeated administrative and/or criminal violations of national security laws, the export of items that are particularly sensitive or to end users of heightened concern, and a significant profit to the company from the misconduct. Where such aggravating factors are present, NSD has the discretion to seek a different resolution, such as a deferred prosecution agreement or guilty plea.

To avail itself of NSD's policy, a company must disclose to NSD within a reasonably prompt time after becoming aware of the potential violation, absent any other legal obligation to disclose, and prior to an imminent threat of disclosure or government investigation. Disclosures made only to regulatory agencies such as OFAC or BIS do not qualify for NSD's policy. The disclosing party must share with NSD all relevant non-privileged facts known at the time. In addition, a company must fully cooperate with NSD when making its disclosure. Pursuant to the updated policy, full cooperation means, among other things, timely preservation and collection of relevant documents and information, including concurrent authentication of records under Federal Rule of Evidence 902 and/or 803; deconfliction of witness interviews and other 2 U.S. Department of Justice, "NSD Enforcement Policy for Business Organizations," (March 1, 2023), available at <https://www.justice.gov/media/1285121/dl?inline=investigative> steps that a company intends to take as part of its own internal investigation; and timely identification of opportunities for further investigation by NSD.

To receive the benefits from disclosure, a disclosing company must timely and appropriately remediate any violations. As part of its analysis, NSD will consider whether a company has implemented an effective and sufficiently resourced compliance and ethics program. NSD also now examines whether a disclosing company has imposed appropriate disciplinary measures, including compensation clawbacks, for employees who directly participated in or had oversight and/or supervisory authority over the area where the criminal conduct occurred.5 Importantly, the principles of NSD's policy also apply to other corporate criminal matters handled by NSD. Examples of such matters include those arising under the Foreign Agents Registration Act, laws prohibiting material support to terrorists, and potential criminal violations in connection with the Committee on Foreign Investment in the United States and other national security proceedings.6 NSD has further strengthened its focus on corporate compliance with national security laws by hiring a Chief Counsel for Corporate Enforcement and by adding twenty-five new prosecutors to help investigate and prosecute sanctions evasion, export control violations, and similar economic crimes.

DEPARTMENT OF COMMERCE'S BUREAU OF INDUSTRY AND SECURITY'S UPDATED GUIDANCE FOR VOLUNTARY SELF-DISCLOSURES

The Bureau of Industry and Security (BIS) strongly encourages disclosures by companies and other entities who believe that they may have violated the Export Administration Regulations (EAR), or any order, license, or authorization issued thereunder. In general, information about the VSD policy can be found in Section 764.5 of the EAR and on the Export Enforcement website.

A disclosure that is timely and comprehensive and involves full cooperation of the disclosing party substantially reduces the applicable civil penalty under the BIS settlement guidelines.

U.S. Department of Justice, "Deputy Attorney General Lisa Monaco Delivers Remarks at American Bar Association National Institute on White Collar Crime," (March 2, 2023), available at <https://www.justice.gov/opa/speech/deputy-attorney-general-lisa-monaco-delivers-remarks-american-bar-association-national>.

<https://www.bis.doc.gov/index.php/enforcement>. In addition, information about voluntary self-disclosures for boycott violations can be found in Part 764.8 of the EAR.

See Supplement No. 1 to Part 766 of the EAR.

Last June, the Office of Export Enforcement (OEE) implemented a dual-track system to handle VSDs.¹⁰ VSDs involving minor or technical infractions are now resolved on a fast-track basis, with the issuance of a warning or no-action letter within 60 days of final submission. For those VSDs that indicate potentially more serious violations, OEE will do a deeper dive to determine whether enforcement action may be warranted, while at the same time adhering to the principle that companies deserve, and will get, significant credit for coming forward voluntarily. By fast-tracking the minor violations while assigning specific personnel to the potentially more serious ones, OEE is using its finite resources more effectively while also allowing companies that submit more minor VSDs to receive a quicker turnaround.

On April 18, 2023, the Assistant Secretary for Export Enforcement issued a memorandum regarding the BIS policy on voluntary self-disclosures and disclosures concerning others.¹¹ The memorandum clarifies the risk calculus on disclosures in two ways: first, a deliberate non-disclosure of a significant possible violation of the EAR will be considered an aggravating factor under BIS penalty guidelines. Second, if an entity becomes aware that another party is potentially violating the EAR and submits a tip to OEE, OEE will consider that a mitigating factor under the penalty guidelines if the information leads to an enforcement action and if the disclosing entity faces an enforcement action (even if unrelated) in the future. Additionally, companies cannot sidestep the "should we voluntarily self-disclose or not" decision by self-blinding and choosing not to do an internal investigation in the first place. The existence, nature, and adequacy of a company's compliance program, including its success at self-identifying and rectifying compliance gaps, is itself considered a factor under the settlement guidelines.

Together, the private sector and the U.S. Government can ensure that advanced American technologies do not reach those who would use such technologies to conduct activities of national security or foreign policy concern, including modernizing their military capabilities or committing human rights abuses.

*(*Continued On The Following Column)*

DEPARTMENT OF THE TREASURY'S OFFICE OF FOREIGN ASSETS CONTROL'S VOLUNTARY SELF-DISCLOSURE POLICY

The Department of the Treasury's Office of Foreign Assets Control (OFAC) similarly encourages voluntary disclosures of apparent sanctions violations. As set forth in its Enforcement Memorandum from Matthew S. Axelrod, Assistant Secretary for Export Enforcement, to All Export Enforcement Employees, Re: Further Strengthening our Administrative Enforcement Program (June 30, 2022), available at <https://www.bis.doc.gov/index.php/documents/enforcement/3062-administrative-enforcement-memo/file>.

Memorandum from Matthew S. Axelrod, Assistant Secretary for Export Enforcement, to All Export Enforcement Employees, Re: Clarifying Our Policy Regarding Voluntary Self-Disclosures and Disclosures Concerning Others (April 18, 2023), available at <https://www.bis.doc.gov/index.php/documents/enforcement/3262-vsd-policy-memo-04-18-2023/file>.

See Section III.E to Supplement No. 1 to Part 766 of the EAR.

Guidelines, 13 OFAC considers VSDs to be a mitigating factor when determining appropriate enforcement action to take in response to a particular case. Additionally, in cases where a civil monetary penalty is warranted, a qualifying VSD can result in a 50 percent reduction in the base amount of a proposed civil penalty. In reviewing the underlying conduct in a VSD, OFAC considers the totality of the circumstances surrounding the apparent violation, including, among other factors, the existence, nature, and adequacy of the subject's compliance program at the time of the apparent violation and the corrective actions taken in response to an apparent violation.

Qualifying VSDs must occur prior to, or simultaneous with, the discovery by OFAC or another government agency of the apparent violation or a substantially similar apparent violation.

Whether a notification of an apparent violation through a VSD to another agency will qualify as a VSD to OFAC is determined on a case-by-case basis.

Disclosures to OFAC will not qualify as VSDs under certain circumstances, including situations in which: a third party is required to and does notify OFAC of the apparent violation because the transaction was blocked or rejected by that third party (regardless of when OFAC receives such notice or whether the subject person was aware of the third party's disclosure); the disclosure includes false or misleading information; the disclosure is not self-initiated (including when the disclosure results from a suggestion or order of a federal or state agency or official; or, when the subject person is an entity, the disclosure is made by an individual in a subject person entity without the authorization of the entity's senior management. Responding to an administrative subpoena or other inquiry from, or filing a license application with, OFAC is not a VSD.); or the disclosure (when considered alongside supplemental information) is materially incomplete.

OFAC requires VSDs to include—or to be followed within a reasonable period of time by—a sufficiently detailed report that provides a complete understanding of the circumstances of the apparent violation(s). Persons disclosing violations should be responsive to any follow-up inquiries by OFAC.

*(*Continued On The Following Page)*

Conclusion

The benefits of VSDs are clear. In addition to making companies eligible for significant mitigation, disclosures provide an opportunity for companies to alert key national security See Appendix A to 31 CFR Part 501. Id. at I.I (Definitions - "Voluntary self-disclosure").

agencies to activities that may pose a threat to the national security and foreign policy objectives of the United States. Responsible companies who step forward help not only themselves, but also the interests of the U.S. Government and the American people, in advancing these important goals.

FINCEN'S ANTI-MONEY LAUNDERING AND SANCTIONS WHISTLEBLOWER PROGRAM

In addition to the benefits from disclosures about third parties offered by BIS described above, there can be monetary rewards for such reporting in certain circumstances. Specifically, the Financial Crimes Enforcement Network (FinCEN) maintains a whistleblower program designed to incentivize individuals in the United States and abroad to provide information to the government about violations of U.S. trade and economic sanctions, in addition to violations of the Bank Secrecy Act (BSA). Individuals who provide information to FinCEN or the Department of Justice may be eligible for awards totaling between 10 to 30 percent of the monetary sanctions collected in an enforcement action, if the information they provide ultimately leads to a successful enforcement action. In certain circumstances, FinCEN may pay awards to whistleblowers whose information also led to the successful enforcement of a "related action," meaning that the agency could pay awards on enforcement actions taken under authorities such as the Export Control Reform Act.

Individuals may choose to disclose their identity when submitting information or they may remain anonymous. Individuals proceeding anonymously must be represented by legal counsel. Under 31 U.S.C. § 5323, there are certain confidentiality protections to individuals submitting information as well as certain protections from retaliation by employers.

FinCEN is currently accepting whistleblower tips. Individuals with questions about the whistleblower program, including questions about how best to submit information, should contact FinCEN through its website, www.fincen.gov/contact.

Russia, Belarus, and Occupied/Covered Regions of Ukraine Best Practices for License Applications for Medical-related Items

The following guidance was prepared for exporters' use in submitting export license applications involving medical-related items destined to Russia, Belarus, and the Occupied/Covered Regions of Ukraine. Consistent with licensing policies set forth in Sections 746.5, 746.6, 746.8, and 746.10 of the Export Administration Regulations (15 CFR Parts 730-774, "EAR"), license applications for health and safety, medical, and humanitarian applications are generally reviewed on a case-by-case basis.

*(*Continued On The Following Column)*

This review policy reflects the U.S. Government's position that the Russian and Belarusian people are not the target of export controls imposed on Russia in response to its invasion and continuing aggression in Ukraine, as well as on Belarus, which has substantially enabled Russia's actions. However, the U.S. Government reviews all export license applications to evaluate whether approving the application would benefit the Russian or Belarusian government or defense sector, particularly with regard to the usefulness of the items for the treatment of battlefield casualties or the production of chemical and biological weapons and biotechnological (including biopharmaceutical) products.

You are encouraged to follow these guidelines to assist the reviewing agencies in processing your application more efficiently and expeditiously. We recommend that you provide all the necessary information when the application is first submitted so that the Bureau of Industry and Security (BIS) can promptly analyze the proposed scope of the transactions before referring the application for interagency review consistent with Executive Order 12981, as amended.

End-Use/User Statements

A statement certifying that due diligence has been exercised to ensure the medical facilities listed as ultimate consignees or end-users on the application are civilian facilities providing direct patient care facilitates a determination that the application will meet the humanitarian needs of the Russian or Belarusian people, rather than contribute to military or government resources in support of the war effort. The Ministries of Defence of both the Russian Federation and Belarus, including the national armed services (army, navy, marine, air force, or coast guard), are "military end-users" on the BIS Entity List in Supp. No. 4 to part 744 of the EAR, and exports to hospitals owned or operated by the Ministries will be reviewed consistent with the policy of denial that applies to the Ministries in general, with the exception of food and medicine designated as EAR99, which will be reviewed on a case-by-case basis.

License Scope

When licenses for exports (along with reexports and transfers in-country) to Russia, Belarus, and the Occupied/Covered Regions of Ukraine are approved, it is typically with a one-year validity period in order to limit the risk of diversion in a dynamic and fluid wartime environment. License applications with a relatively narrow transaction scope can more quickly be evaluated by the reviewing agencies for risk of diversion, and thus tend to move through the interagency review process more efficiently than applications with many parties and large quantities of items. As a best practice, consider narrowing your license application scope to a single consignee/distributor, no more than 100 end users (preferably fewer), and a 1-year supply of item quantities. When item quantities are correlated to demonstrable civilian demand, such as by referring to historical patient volume at the proposed end-users, interagency reviewers will often be able to resolve concerns over the risk of diversion more quickly.

Export Item Grouping

For license applications with varying categories of items (e.g., several different types of items that could all be categorized as "consumables"), list the items individually but group them into like categories which clearly describe to interagency reviewers what items are being exported. License applications that include general item descriptions without specifics that can be evaluated by reviewing agencies (e.g., "consumables" with no further description), or applications that only refer to an attachment often create inefficiency in consideration of diversion risk, including necessitating the need to request follow-up information. Providing a reference to specific Harmonized System (HS) Codes, where applicable, helps to reduce classification confusion and facilitate timely review, as does citation to relevant regulatory provisions in the EAR that apply to export of the item at issue (e.g., after an item description, add "HS 902511, controlled under Section 746.5 and Supp. No. 4 to part 746 of the EAR").

*(*Continued On The Following Page)*

Direct Patient Care

License applications for medical-related items (e.g., medicine, medical devices, medical equipment) move through the interagency review process more efficiently if they clearly demonstrate that the end users will use the items to provide direct patient care to civilian patients in a civilian treatment facility. Parties that clearly do not provide direct patient care to civilians or who are not purchasers or consignees/distributors may be removed from license applications to facilitate the processing of applications that focus on providing direct patient care to the Russian or Belarusian people. The Centers for Disease Control and Prevention define “direct patient care” as “Hands on, face-to-face contact with patients for the purpose of diagnosis, treatment and monitoring.”

HS Codes

HS Codes are used globally to classify goods (commodities or physical products) for export and are used by customs authorities when assessing duties and gathering statistics. The HS is administrated by the World Customs Organization and is updated every five years. It serves as the foundation for the import and export classification systems used in the United States and by many trading partners. The HS assigns specific six-digit codes for varying classifications and commodities. Countries are allowed to add longer codes to the first six digits for further classification. The United States uses a 10-digit code to classify products for export, known as a Schedule B number, with the first six digits being the HS number. There is a Schedule B number for every physical product. The Schedule B is administered by the U.S. Census Bureau’s Foreign Trade Division.

BIS is not able to classify goods by HS code in connection with a license application. Exporters may generally use the same HS code for BIS license applications as they use for other purposes, such as reporting shipments in the Automated Export System (AES), determining import tariff (duty) rates, or determining whether a product qualifies for preferential tariff treatment under a free trade agreement. For additional information, including on HS Code classification, see International Trade Administration, U.S. Department of Commerce, Harmonized System (HS) Codes. To obtain a formal determination of an item’s HS code, you may request a ruling letter from U.S. Customs and Border Protection (CBP); see CBP, What are Ruling Letters? License applications issued by BIS only authorize transactions involving the HS codes described on the license. If you misclassify your item, the BIS license may not authorize your proposed transaction.

The guidance in this document is intended to help exporters draft applications that can be reviewed efficiently. It does not impose or otherwise create additional requirements for license applications. All license applications received by BIS will be reviewed consistent with the provisions of Executive Order 12981 and the relevant provisions of the EAR, even if they do not contain the level of detail recommended in this guidance.

Best Practices Checklist

- Have you provided a statement certifying that the medical facilities on the application are civilian facilities providing direct patient care only to civilian patients?
- Are the item quantities scoped to what would be used over the period of 1 year?
- Do the items for export have an identifying description in the Technical Description Block?
- Did you scope the license to minimize the risk of diversion to unauthorized end users/end uses?

*(*Continued On The Following Column)*

- For items controlled by HS code, have you included the HS code that covers your items and the section of the EAR where that HS code is referenced?
- Did you provide a description of how the items would be used for direct patient care?
- Have you explained the role of any parties that do not provide direct patient care?

DECCS Outage Notice – 08/01/23 @ 6:00am (EST)

The Defense Export Control and Compliance System (DECCS) Registration and Licensing applications will be unavailable to industry users from 6:00am (EST) to 8:00am (EST) Tuesday, August 1 for scheduled system maintenance. Please ensure any work in progress is saved prior to the scheduled downtime period.

As part of this deployment, OMB expiration dates will be updated for forms DSP-5, DSP-6, DSP-61, DSP-62, DSP-73, DSP-74, DSP-85, DS-4292 and DS-6004 (including PDFs) created from August 1 onwards. The OMB expiration date for forms created prior to August 1 will remain unchanged.

Treasury Sanctions Impede Russian Access to Battlefield Supplies and Target Revenue Generators

July 20, 2023

WASHINGTON — Today, the U.S. Department of the Treasury's Office of Foreign Assets Control (OFAC) is taking action to further implement the commitments that G7 Leaders made on February 24, 2023 and May 19, 2023. The designations announced today by OFAC and the [Department of State](#) take measures to inhibit Russia's access to products that support its military and war efforts; reduce Russia's revenue from the metals and mining sector; undermine its future energy capabilities; degrade Russia's access to the international financial system; and starve Russia of G7-produced technology needed for its technology, aerospace, and defense sectors.

"Today's actions represent another step in our efforts to constrain Russia's military capabilities, its access to battlefield supplies, and its economic bottom line," said Deputy Secretary of the Treasury Wally Adeyemo. "As long as Russia continues to wage its unprovoked and brutal war against Ukraine, we will impose sanctions to deprive Russia of the technology it needs and disrupt the Russian arms industry's ability to resupply."

DISRUPTING RUSSIA'S TECHNOLOGY SUPPLIERS, IMPORTERS, AND DEVELOPERS

Sanctions are just one part of the U.S. government's efforts to stop Russia's procurement of critical goods and technology. The United States is working with partner governments and the private sector to identify and disrupt evasion networks and the actions taken today complement these shared efforts. While cooperating with partners, Treasury will use all tools available, including sanctions, to prevent Russia from acquiring the sensitive technology it needs to continue its full-scale war against Ukraine.

In a [May 19, 2023 Supplemental Alert](#), Treasury's Financial Crimes Enforcement Network (FinCEN) and the U.S. Department of Commerce's Bureau of Industry and Security (BIS) identified certain high priority items, primarily based on the Harmonized System (HS) code classification of components from Russian weapons systems recovered on the battlefield in Ukraine, to assist financial institutions in identifying suspicious transactions relating to possible export control evasion. Items described by these HS codes have been found in multiple Russian weapons systems used against Ukraine, including the Kalibr cruise missile, the Kh-101 cruise missile, and the Orlan-10 UAV. Many of the entities designated today have transferred certain of these high priority items to Russia-based end-users.

Russia's Use of Kyrgyz Republic-based Entities to Acquire Dual-Use Technology

One of the most common tactics Russian entities have used to continue their importation of foreign-made electronics and technology is the use of third-party intermediaries and transshipment points outside of Russia. Entities based in the Kyrgyz Republic have been frequent exporters of controlled electronics components and other technology to Russia since Russia began its full-scale invasion of Ukraine. Some of these shipments have subsequently supplied sensitive dual-use goods to entities in Russia's defense sector.

LLC RM Design and Development (RMDD), established in March 2022, is a Kyrgyz Republic-based seller of electronic and telecommunication equipment and parts. Since its founding last year, RMDD has been a prolific shipper of dual-use goods to Russia, including to firms that have supplied electronics to Russia-based defense companies.

RMDD has sent hundreds of shipments of goods, including semiconductor devices, electronic integrated circuits, and capacitors to the following Russia-based companies, among others:

- Basis Trade Prosoft LLC (BTP), a supplier of industrial computers, components for automated process control systems, and radio-electronic components.
- OOO Radiotekhsnab (RTS), an importer of electronic components and wholesaler of electronic and telecommunications equipment and parts.
- Region-Prof LLC (Region-Prof), a supplier of automation equipment, electronic components, and hardware and software for building electronic equipment.

RMDD, RTS, and Region-Prof were designated pursuant to Executive Order (E.O.) 14024 for operating or having operated in the electronics sector of the Russian Federation economy. BTP was designated pursuant to E.O. 14024 for operating or having operated in the technology sector of the Russian Federation economy.

Limited Liability Company Siaisi (CIC) is a Russia-based company that primarily deals with electronic and optical equipment as well as computers and related equipment. CIC is owned by Russian Federation national **Tatyana Grigoryevna Ivanova (Ivanova)**, who also serves as the general director of CIC. Ivanova is also the general director and owner of Kyrgyz Republic-based wholesaler **OSOO Progress Lider (Progress Lider)**, which was established in March 2022 and has made numerous shipments to CIC.

CIC and Ivanova were designated pursuant to E.O. 14024 for operating or having operated in the electronics sector of the Russian Federation economy. Progress Lider was designated pursuant to E.O. 14024 for having materially assisted, sponsored, or provided financial, material, or technological support for, or goods or services to or in support of, CIC.

ZAO GTME Tekhnologii (GTME Tekhnologii) is a Kyrgyz Republic-based entity established in June 2022. GTME Tekhnologii has made dozens of shipments of goods to Russia, including high priority items included in the FinCEN-BIS Supplemental Alert, such as tantalum capacitors and electronic integrated circuits. GTME Tekhnologii's primary customer has been Russia-based **Technologies Systems and Complexes Limited (TSC)**, a vendor of electronic and digital equipment.

GTME Tekhnologii and TSC were designated pursuant to E.O. 14024 for operating or having operated in the technology sector of the Russian Federation economy.

OSOO Kargolayn (Cargoline), founded in March 2022, is a Kyrgyz Republic-based entity that has shipped millions of dollars of foreign-made aviation equipment to Russia, including directly to airlines that are subject to U.S. export controls.

Cargoline was designated pursuant to E.O. 14024 for operating or having operated in the aerospace sector of the Russian Federation economy.

Targeting Additional Sanctions Evasion Facilitators

Amegino FZE (Amegino) is a UAE-based engineering and services company that provides electronic components and related industry services. Amegino has sent dozens of shipments of electronics, including integrated circuits, to Russia since Russia launched its full-scale invasion of Ukraine.

(*Continued On The Following Column)

(*Continued On The Following Page)

Amegino was designated pursuant to E.O. 14024 for operating or having operated in the technology and electronics sectors of the Russian Federation economy.

Limited Liability Company AK Microtech (AKM) is a Russia-based firm that specializes in transferring foreign semiconductor technology to Russian microelectronics production companies, including entities that provide microelectronics to the Russian defense industry. A number of those end-users are on Treasury's Specially Designated Nationals and Blocked Persons List as well as the Department of Commerce's Entity List.

AKM uses non-Russian intermediaries to obfuscate Russian recipients. One such intermediary is Serbia-based firm **MCI Trading DOO Beograd Palilula (MCI)**, which has helped AKM acquire high-tech items from producers in Asia, Europe, and the Middle East. MCI has also made dozens of shipments to AKM since Russia's invasion of Ukraine began in February 2022. Serbia national **Ivan Cvetic (Cvetic)** is the director of MCI.

AKM was designated pursuant to E.O. 14024 for operating or having operated in the electronics sector of the Russian Federation economy. MCI and Cvetic were designated pursuant to E.O. 14024 for having materially assisted, sponsored, or provided financial, material, or technological support for, or goods or services to or in support of, AKM.

Designations Targeting Russia-Based Importers of Dual-Use Items

OFAC continues to target Russia-based entities that import dual-use technology from abroad. The following Russia-based entities were designated today pursuant to E.O. 14024 for operating or having operated in the electronics sector of the Russian Federation economy:

- **AK Systems**, a developer, manufacturer, and distributor of high-tech electronic devices;
- **LLC Altrabeta**, a developer and producer of electronic equipment;
- **Joint Stock Company Compel**, a supplier of components for electronics manufacturing;
- **Limited Liability Company Forepost Trading**, an electronic components supplier and producer of electronic equipment;
- **LLC IQ Components**, an electronic components supplier;
- **Komponenta AO**, an electronic components supplier and electronics manufacturing service provider;
- **LLC Onelek**, an electronic components supplier;
- **NPF-Radiotekhnokomplekt AO**, an electronic components supplier to research institutes and design bureaus;
- **Saturn EK OOO**, an electronic components supplier and producer of electronic equipment;
- **LLC Spetselservis**, an electronic components supplier; and
- **Staut Company Limited**, a developer of electronic engineering devices, including for robotic systems.

TARGETING RUSSIA'S MUNITIONS FACTORIES AND HIGH-TECHNOLOGY INDUSTRIES THAT SUPPORT RUSSIA'S DEFENSE SECTOR

OFAC continues to target entities that directly support Russia's war against Ukraine. The following Russia-based entities were designated pursuant to E.O. 14024 for operating or having operated in the defense and related materiel sector of the Russian Federation economy: *(*Continued On The Following Column)*

- **Aleksinskii Khimicheskii Kombinat (Aleksinsky Chemical)** produces ammunition and weapons. Aleksinsky Chemical also produces polymers, paints, and composite materials for Russia's military-industrial complex. Aleksinsky Chemical was also designated pursuant to E.O. 14024 for operating or having operated in the manufacturing sector of the Russian Federation economy.
- **Kazanskii Gosudarstvennyi Kazennyi Porokhovoi Zavod** produces explosives, weapons, ammunition, small arms, and other defense items for the Government of the Russian Federation.
- **Tambovskii Porokhovoi Zavod (Tambov Gunpowder)** is one of Russia's main producers of ammunition for artillery and small arms. Tambov Gunpowder also produces and sells explosives, including armor-piercing projectiles, to the Russian military.
- **Joint Stock Company Tula Cartridge Works** manufactures small arms ammunition for Russia's military.

In March 2022, OFAC designated Joint Stock Company Kronshtadt (Kronshtadt) pursuant to E.O. 14024 for operating or having operated in the defense and related materiel sector of the Russian Federation economy. Kronshtadt is a Russian defense contractor that develops and manufactures equipment, software, and integrated solutions for Russia's unmanned aviation and defense industries and supports Russia's Ministry of Defense. Today, OFAC is targeting two Russia-based entities that are working with Kronshtadt.

AO NPO Kurganpribor (Kurganpribor) produces components for rocket systems, missiles, and bombs. Kurganpribor is likely working with Russian unmanned aerial vehicle (UAV) manufacturers to develop engines for UAV weapons programs.

Joint Stock Company Astrofizika National Centre of Laser Systems and Complexes (Astrofizika) is a research and development center focused on laser and optical technologies, including for defense purposes. Astrofizika is working with Kronshtadt to develop a line of engines for UAVs.

Kurganpribor was designated pursuant to E.O. 14024 for operating or having operated in the defense and related materiel sector of the Russian Federation economy. Astrofizika was designated pursuant to E.O. 14024 for operating or having operated in the technology sector of the Russian Federation economy.

OFAC is also targeting entities in key industries such as aerospace, quantum technologies, and advanced computing that Russia exploits to support its defense industries. To deprive Russia of technology for its aerospace sector, the following Russia-based companies were designated pursuant to E.O. 14024 for operating or having operated in the aerospace sector of the Russian Federation economy:

- **Arsenal Machine Building Plant Open Joint Stock Company (MZ Arsenal)** manufactures military equipment and technology, as well as space technology. Specifically, MZ Arsenal develops and produces materiel for Russia's navy, solid-fuel rocket engines, and ballistic missiles.
- **Joint Stock Company Experimental Design Bureau Fakel** produces products for aerospace purposes.
- **M.V. Frunze Arsenal Design Bureau Joint Stock Company** is a military contractor that specializes in the development of space remote sensing systems.
- **Joint Stock Company Research and Production Corporation Precision Systems and Instruments (NPK SPP)** manufactures electronics for space complexes. NPK SPP won a contract from Russia's Ministry of Defense to support a space surveillance system. *(*Continued On The Following Page)*

- **Open Joint Stock Company Russian Institute of Radionavigation and Time** develops aerospace systems, including for defense purposes.
- **Joint Stock Company Science Research Institute for Precise Instruments (RIPI)** designs and manufactures radio engineering equipment and software-hardware complexes for the Russian aerospace industry. Additionally, RIPI has showcased space-related products and radar at a Russian military forum.
- **Space Research Institute Russian Academy of Sciences** designs and tests equipment and systems for space research under the control of Russia's Ministry of Defense.
- **Joint Stock Company Special Research Bureau of Moscow Power Engineering Institute** produces aerospace industry products for missiles and aircraft.

Scientific Production Company Optolink (Optolink) is a Russia-based producer of technological and electronic products, including optical fibers, high precision fiber optic gyroscopes, diodes, and transistors, used in aerospace systems. On December 8, 2022, Optolink was added to the Department of Commerce's Entity List based on information that Optolink contributes to Russia's military and/or defense industrial base.

Optolink was designated pursuant to E.O. 14024 for operating or having operated in the technology and electronics sectors of the Russian Federation economy.

OFAC is also targeting research institutes and other entities that support Russia's research and development of high-technology goods. The following entities were designated pursuant to E.O. 14024 for operating or having operated in the technology sector of the Russian Federation economy:

- The **Budker Institute of Nuclear Physics of Siberian Branch Russian Academy of Sciences** is one of Russia's leading physics research centers and focuses on the development of new technologies.
- **P.L. Kapitza Institute for Physical Problems, Russian Academy of Sciences** is a Russia-based research institution primarily researching quantum fluids and superconductivity.
- The **Federal State Budgetary Institution of Science Federal Research Center Kazan Scientific Center of the Russian Academy of Sciences (FRC KAZSC RAS)** is a Russian Federal Research Center responsible for achieving results in the implementation of technological priorities in Russia, particularly in areas of strategic importance. FRC KAZSC RAS conducts research related to nanotechnologies and quantum informatics and is a leading center in the field of radio spectroscopy.
- The **Osipyan Institute of Solid State Physics of the Russian Academy of Sciences (ISSP)** is a Russia-based quantum research institute and it is involved in solving problems with high-tech applications. On September 30, 2022, the Department of Commerce added ISSP to the Entity List for acquiring and attempting to acquire U.S.-origin items in support of the Russian military.
- **A.M. Prokhorov General Physics Institute Russian Academy of Sciences** is a Russia-based institute that focuses research on laser physics and optics, quantum electronics, microelectronics, and nanoelectronics.
- **Closed Joint Stock Company Superconducting Nanotechnology** is a Russia-based company that specializes in the development, fabrication, and implementation of superconducting devices and which produces products which have applications for quantum computing.

(*Continued On The Following Column)

The **Institute of Laser Physics of the Siberian Branch of the Russian Academy of Sciences (Institute of Laser Physics)** is a federally financed institution owned by the Government of the Russian Federation. The Institute of Laser Physics is involved in the application of high-power lasers for scientific research and technology.

The Institute of Laser Physics was designated pursuant to E.O. 14024 for being owned or controlled by, or for having acted or purported to act for or on behalf of, directly or indirectly, the Government of the Russian Federation.

DEGRADING RUSSIA'S ACCESS TO THE INTERNATIONAL FINANCIAL SYSTEM

Imposing sanctions against additional Russia-based financial institutions further degrades the Russian Federation's ability to maintain access to the global financial system. The following five Russian banks were designated pursuant to E.O. 14024 for operating or having operated in the financial services sector of the Russian Federation economy:

- **Joint Stock Company Locko Bank**, a commercial bank located in Moscow, Russia.
- **Joint Stock Company Petersburg Social Commercial Bank**, a commercial bank located in Moscow and Saint Petersburg, Russia.
- **Joint Stock Company Commercial Bank Solidarnost**, a commercial bank located in Moscow, Russia and among the leading credit institutions in Russia's Volga region.
- **JSC Tinkoff Bank (Tinkoff Bank)**, a commercial bank in Moscow, Russia. Tinkoff Bank is partially owned by U.S.-designated Vladimir Olegovich Potanin. Tinkoff Bank was sanctioned by the European Union (EU) and the United Kingdom (UK) in February and May of 2023, respectively.
- **Unistream Commercial Bank JSC**, a money-transfer institution located in Moscow, Russia.

FURTHER LIMITING RUSSIA'S REVENUE FROM EXTRACTIVE INDUSTRIES AND FUTURE CAPABILITIES

Today, OFAC is taking further action to limit Russia's revenue from its metals industries and to limit Russia's future energy capabilities in support of the G7 commitments.

Reducing Russia's Revenue from the Metals and Mining Sector
Joint Stock Company Ural Mining and Metallurgical Company (UMMC) is one of Russia's top producers of metals such as copper, zinc, gold, and silver.

UMMC Nonferrous Metals Processing Limited Liability Company (UMMC NFMP) is a Russia-based UMMC subsidiary involved in the non-ferrous metals processing industry that operates plants that manufacture copper, brass, bronze, copper-nickel, and nickel rolled products.

Joint Stock Company Uralektromed (Uralektromed) is a Russia-based UMMC subsidiary involved in the refining of precious metals, cathodes, and bullion products.

UMMC, UMMC NFMP, and Uralektromed were designated pursuant to E.O. 14024 for operating or having operated in the metals and mining sector of the Russian Federation economy.

Targeting Russia's Manufacturers of Equipment and Chemicals for the Energy Industry

The following Russia-based manufacturers of energy industry equipment were designated pursuant to E.O. 14024 for operating or having operated in the manufacturing sector of the Russian Federation economy:

(*Continued On The Following Page)

- **Joint Stock Company Scientific Production Enterprise Research and Design Institute of Well Logging** designs special methods and technologies for geophysical surveys involving oil, gas, ore, and coal wells and is involved in manufacturing equipment for well logging.
- **Limited Liability Company Proizvodstvennaya Kommercheskaya Firma Gazneftemash** manufactures equipment for the drilling of new oil and gas wells.
- **Joint Stock Company Gazprom Avtomatizatsiya** manufactures gas distribution stations for Public Joint Stock Company Gazprom, an entity that is subject to Directive 4 Under E.O. 13662 and Directive 3 Under E.O. 14024.
- **Joint Stock Company Neftegazavtomatika** manufactures automation equipment for the oil and gas industries.
- **Limited Liability Company Oktanta** manufactures drill piping inspection equipment.
- **Limited Liability Company Perm Oil Machine Company** manufactures oilfield and drilling equipment.
- **Limited Liability Company Rustmash** manufactures oil drilling equipment.

The following Russia-based manufacturers of energy-related refining agents were designated pursuant to E.O. 14024 for operating or having operated in the manufacturing sector of the Russian Federation economy:

- **Limited Liability Company Ishimbay Specialized Chemical Plant of Catalyst** manufactures chemicals.
- **Limited Liability Company KNT KAT** manufactures catalysts for the oil and gas industries.
- **Limited Liability Company RN KAT (RN KAT)** is a subsidiary of Open Joint-Stock Company Rosneft Oil Company (Rosneft), an entity that is subject to Directive and Directive 4 of E.O. 13662. RN KAT manufactures refining agents for Rosneft's refineries.
- **Limited Liability Company Sterlitamak Catalyst Plant** manufactures chemicals.

Limited Liability Company Tyumen Petroleum Research Center (TPRC) is Rosneft's corporate research and design institute. TPRC, which is involved in technology development, performs field engineering and support for geological survey processes and is involved in the development of oil and gas fields in Russia and elsewhere for Rosneft subsidiaries.

TPRC was designated pursuant to E.O. 14024 for operating or having operated in the technology sector of the Russian Federation economy.

Targeting a Facilitator of Investment in Russia's Extractive Industries

The **Fund for Development of Energy Complex Energy (Fund Energy)** is a Russia-based investment house that invests in energy, oil and gas, and mining enterprises and infrastructure facilities.

Fund Energy was designated pursuant to E.O. 14024 for operating or having operated in the financial services sector of the Russian Federation economy.

SANCTIONS IMPLICATIONS

As a result of today's action, all property and interests in property of the persons above that are in the United States or in the possession or control of U.S. persons are blocked and must be reported to OFAC. In addition, any entities that are owned, directly or indirectly, 50 percent or more by one or more blocked persons are also blocked. All transactions by U.S. persons or within (or transiting) the United States that involve any property or interests in property of designated or blocked persons are prohibited unless exempt or authorized by a general or specific license issued by OFAC. These prohibitions include the making of any contribution or provision of funds, goods, or services by, to, or for the benefit of any blocked person and the receipt of any contribution or provision of funds, goods, or services from any such person.

Amazon, Google, Meta, Microsoft and other tech firms agree to AI safeguards set by the White House

By The Associated Press Updated July 21, 2023, 1 hour ago

WASHINGTON (AP) — Amazon, Google, Meta, Microsoft and other companies that are leading the development of artificial intelligence technology have agreed to meet a set of AI safeguards brokered by President Joe Biden's administration.

The White House said Friday that it has secured voluntary commitments from seven U.S. companies meant to ensure their AI products are safe before they release them. Some of the commitments call for third-party oversight of the workings of commercial AI systems, though they don't detail who will audit the technology or hold the companies accountable.

A surge of commercial investment in generative AI tools that can write convincingly human-like text and churn out new images and other media has brought public fascination as well as concern about their ability to trick people and spread disinformation, among other dangers.

The four tech giants, along with ChatGPT-maker OpenAI and startups Anthropic and Inflection, have committed to security testing "carried out in part by independent experts" to guard against major risks, such as to biosecurity and cybersecurity, the White House said in a statement.

The companies have also committed to methods for reporting vulnerabilities to their systems and to using digital watermarking to help distinguish between real and AI-generated images known as deepfakes.

They will also publicly report flaws and risks in their technology, including effects on fairness and bias, the White House said.

The voluntary commitments are meant to be an immediate way of addressing risks ahead of a longer-term push to get Congress to pass laws regulating the technology.

Some advocates for AI regulations said Biden's move is a start but more needs to be done to hold the companies and their products accountable.

"History would indicate that many tech companies do not actually walk the walk on a voluntary pledge to act responsibly and support strong regulations," said a statement from James Steyer, founder and CEO of the nonprofit Common Sense Media.

Senate Majority Leader Chuck Schumer, D-N.Y., has said he will introduce legislation to regulate AI. He has held a number of briefings with government officials to educate senators about an issue that's attracted bipartisan interest.

A number of technology executives have called for regulation, and several went to the White House in May to speak with Biden, Vice President Kamala Harris and other officials.

But some experts and upstart competitors worry that the type of regulation being floated could be a boon for deep-pocketed first-movers led by OpenAI, Google and Microsoft as smaller players are elbowed out by the high cost of making their AI systems known as large language models adhere to regulatory strictures.

*(*Continued On The Following Page)*

The software trade group BSA, which includes Microsoft as a member, said Friday that it welcomed the Biden administration's efforts to set rules for high-risk AI systems.

"Enterprise software companies look forward to working with the administration and Congress to enact legislation that addresses the risks associated with artificial intelligence and promote its benefits," the group said in a statement.

A number of countries have been looking at ways to regulate AI, including European Union lawmakers who have been negotiating sweeping AI rules for the 27-nation bloc.

U.N. Secretary-General Antonio Guterres recently said the United Nations is "the ideal place" to adopt global standards and appointed a board that will report back on options for global AI governance by the end of the year.

The United Nations chief also said he welcomed calls from some countries for the creation of a new U.N. body to support global efforts to govern AI, inspired by such models as the International Atomic Energy Agency or the Intergovernmental Panel on Climate Change.

The White House said Friday that it has already consulted on the voluntary commitments with a number of countries.

U.S. DEPARTMENT OF STATE Office of the Spokesperson – REMARKS- July 21, 2023

Secretary Antony J. Blinken
At Aspen Security Forum Fireside Chat
Moderated by NBC News Chief Washington and Chief Foreign Affairs
Correspondent Andrea Mitchell

July 21, 2023
Aspen Meadows Resort
Aspen, Colorado

MS MITCHELL: Good morning, everyone. It's wonderful to be back in Aspen, and especially after such a great program all week, and most especially to be with Secretary Blinken.

SECRETARY BLINKEN: Thank you.

MS MITCHELL: Tony Blinken, of course, you all know, but – (applause) – I think this is your first time here since becoming Secretary.

SECRETARY BLINKEN: That is correct.

MS MITCHELL: So that is a wonderful treat for all of us, and it's not as though a lot has not been happening. And you have been traveling all over the world – around the world several times in – just in the last two weeks, and you're about to depart again. So we're glad we caught you in between.

Let me ask you a couple of quick things about things that have been breaking most recently this week. We've all heard about Private Second Class Travis King in North Korea, and I want to know if there's anything new about where he's being held. Have there been any new communications between us or our allies who have better communications with Pyongyang about his conditions and how they're treating him?

SECRETARY BLINKEN: Andrea, first, it's wonderful to be with you, as always. I think we've been --

MS MITCHELL: Thanks. for that.

(*Continued On The Following Column)

With regards to Private King, unfortunately, I don't have any further information to share. We are very concerned, of course, about his well-being. We'd like to know his whereabouts. We've communicated to North Korea, seeking that information. I don't have anything more at this point.

MS MITCHELL: We all saw the tragedy of Otto Warmbier. Are there concerns that he might be tortured?

SECRETARY BLINKEN: There are certainly concerns based on what we've seen in the past and the way that North Korea has treated those it's detained.

MS MITCHELL: And North Korea has so rapidly increased their missile and nuclear program. When was the last time we had any communications with them as they violate multiple UN Resolutions?

SECRETARY BLINKEN: Well, we have channels of communication. We've used them. And we made clear going back to early in this administration that we were prepared to have negotiations with North Korea on the nuclear program with no preconditions. We sent that message several times. Here's the response we got: one missile launch after another.

Now, we have not stood still. The partnership, the alliance that we have with Japan and with South Korea has grown even stronger, even deeper, and we've taken further steps to make sure that we could defend ourselves, defend our allies and partners, deter any aggression coming from North Korea. So in effect, the response that North Korea has elicited with these repeated provocations has only been to solidify the work that the United States, Korea, and Japan are doing together to make sure we can defend ourselves.

MS MITCHELL: There was a time not that long ago when China was actually helpful behind the scenes when an American crossed --

SECRETARY BLINKEN: That's right.

MS MITCHELL: -- the Chinese border. Is there any hope now that China, with relations not that close, might be helpful on this?

SECRETARY BLINKEN: So this is a conversation I've had directly with my Chinese counterparts, particularly what China's role could and should be in helping bring North Korea to the table on its nuclear program, helping us advance a shared vision for denuclearization on the Korean Peninsula. And what I've shared with Chinese counterparts is this: We believe that you have unique influence, and we hope that you will use it to get better cooperation from North Korea. But if you can't or if you won't, then we're going to have to continue to take steps that aren't directed at China but that China probably won't like because it goes to strengthening and shoring up not only our own defenses but those of Korea and Japan – and a deepening of the work that all three of us are doing together.

We've seen, I think, an extraordinary relationship develop over several administrations now on a trilateral basis among the United States, Japan, and Korea. That's only gotten stronger. And everything that North Korea does and China's inability to help us do something about it, we'll continue to move things in that direction.

MS MITCHELL: Speaking of China, the Chinese hack. Now, China has hacked Nicholas Burns, our ambassador's unclassified emails and our envoy to Asia's emails, as well as we previously learned the Commerce Secretary. And I am told reliably by former cyber – former cyber officials and other experts that 90 percent of the government's business is done on the unclassified – in the unclassified space. So they were able to learn in a novel way, which is very alarming, a lot about our business. Is there some indication that – this was going on for quite some time because of how novel their approach was – that they could learn our strategy as you were approaching your important re-establishment of relations on your big trip to Beijing.

(*Continued On The Following Page)

SECRETARY BLINKEN: So first, you're exactly right. I can't speak to the direct impact of any particular incident. I can say that the incident in question affected only our unclassified system. As soon as we actually at the State Department detected it --

MS MITCHELL: But that's a big deal; the unclassified system is huge.

SECRETARY BLINKEN: Well, so we now have an ongoing investigation that will determine the impact. As soon as we detected it, which goes back some time, we took immediate steps both to make sure that we were strengthening our protections and defenses; of course, reported it immediately to Microsoft to make sure that they were doing everything possible. And as a general matter, I've had opportunities to speak directly to Chinese counterparts about the deep concern that we would have over anything targeting the U.S. Government, targeting U.S. companies, targeting U.S. citizens, and the fact that we'll take appropriate action if we need to in response.

MS MITCHELL: Are you concerned about our vulnerabilities here?

SECRETARY BLINKEN: This is a constant effort, as you know, as we all live in cyberspace, how so much of our life is in cyberspace. Of course it's a constant concern, and there is an ongoing effort -- quite literally every single day -- to make sure that all of our systems are as strong and protected as they can be.

MS MITCHELL: But isn't this a basic attack on our sovereignty? Where do you draw the line?

SECRETARY BLINKEN: Again, what we've had occasion to share more than once with China is the concern that anything targeting the government, targeting citizens, targeting companies is a real concern for us, and we have -- we have in the past, we will in the future, as necessary, take appropriate action.

There's -- look, I can't say more than that at this point, especially since we have an ongoing investigation and we need to learn the full impact, even as we've taken steps to make sure that our information is protected.

MS MITCHELL: Speaking again of China, Secretary Kerry, the envoy, the President's envoy, has just completed his mission and has failed to get China to agree to any reduction in emissions. In fact, President Xi gave a speech while he was there saying that not only would they not reduce emissions, they wouldn't close any of their coal-fired plants. This makes it clear that before the big global summit in the Emirates in November, there won't be any progress towards the goals that are much delayed.

SECRETARY BLINKEN: So, Andrea, first, the purpose of John's trip was not to get an agreement, was not to get some concrete deliverable. The purpose was to renew the conversation, the dialogue we've been having with China on climate. They're the world's largest emitter; we're number two. It's the only place where I'm happy to be number two to China. And they have --

MS MITCHELL: But they alone are emitting more than all of the other --

SECRETARY BLINKEN: That's correct.

MS MITCHELL: -- developed nations combined.

SECRETARY BLINKEN: Which only underscores the import and the urgency of China taking action -- urgent action -- to deal with its emissions. And I think what Secretary Kerry, what John conveyed was that sense of urgency.

Look, we're in a position now where every G7 country -- the world's leading economies -- every G7 country has adopted plans that, if implemented, would hold warming to 1.5 degree Celsius. The same cannot be said of the G20, the G13 beyond the G7. And so one of the things that we have to do and that we're working on is to help countries, encourage countries, prod countries to make the necessary progress, to adopt the necessary targets and plans and then to implement them. We've made the single largest investment in history in combating climate change through the IRA, the Inflation Reduction Act. We've demonstrated that we're serious about this and we'll have the tools to make good on our commitments.

*(*Continued On The Following Column)*

Here's what I think: When it comes to China, if it wants to be seen as a responsible leader globally, it has to be responsive to demand signals that it's getting from the region, from around the world. One of those demand signals -- and certainly that'll be the case at COP28 -- is for it to take the necessary actions to curb emissions and to do what's necessary to get to 1.5 degrees Celsius. This is an ongoing conversation. I think it was very important that John went and renewed that dialogue, but also conveyed the sense of urgency.

Now, last thing I'll say is this: I think if you're sitting in Beijing's shoes, you're looking at this challenge on the one hand, and on the other hand I think the imperative they feel to focus on growth, on economic growth -- they've not --

MS MITCHELL: Their economy is just --

SECRETARY BLINKEN: They've not had the rebound that they anticipated getting out of COVID. I think for China right now, that is job number one. But there is a real tension between that and the absolute imperative of dealing urgently with the climate challenge.

MS MITCHELL: Which we're all feeling here in the U.S. and all over Europe, but all over the world now it's become -- it is reality.

Let me ask you about what Russia is doing, bombing grain silos, canceling the grain agreement. This is going to increase famine around the world. Food prices are going to go up. And there is real concern now about Russia claiming a false flag as they mine --

SECRETARY BLINKEN: That's right.

MS MITCHELL: -- the Black Sea harbors, and blaming Ukraine. Is there anything that we can do? I know the UN is having meetings today, but Russia has a veto there. Is there any way that -- can NATO escort ships through? How do we get the grain out quickly, even while we try to help them with overland routes?

SECRETARY BLINKEN: So, Andrea, first, let's put this in perspective. Of course, this never should have been necessary. The Black Sea Grain Initiative never should have been necessary in the first place. The only reason it had to happen was because Russia invaded Ukraine, and then having invaded Ukraine it decided to blockade its ports -- the leading port, Odesa, for export to the world of wheat and grain and other food products. And so the United Nations, Türkiye helped initiate this effort. The result over about a year was to get 35 million tons of food products out to the rest of the world, predominantly to the developing world -- 50 percent of the food products at least going to the developing world; two-thirds of the wheat. That meant people were getting food on the table. It meant that even countries that weren't directly receiving the food products from Ukraine were getting lower prices, because it's a world market.

Russia, by weaponizing food, is doing something truly unconscionable. Throughout this period, when the initiative was working, that 35 million tons equates to about 18 billion loaves of bread. Imagine what that means every single day to people living throughout the developing world.

So I hope the world is watching this and seeing how Russia is cynically manipulating food in order to advance its objectives in Ukraine.

Now, to your question, we're working with allies, we're working with partners, we're working with Ukraine to look at other options. But I have to tell you, I don't think it's possible to make up the volumes lost by ending this initiative through other routes.

So we're going to do our best, but this has put a deep chill on the -- on shipping, on insuring. And by the way, in the four days since they have ended their participation in this arrangement, what have they done, Russia? They bombed every single day the Odesa Port. They've laid more mines. They've threatened shipping. In fact, they did an exercise just yesterday that they very deliberately publicized where they simulated an attack on a ship. What does that tell you about their intentions? What does that tell you about the lack of any basic decency when it comes to getting food where it needs to go?

*(*Continued On The Following Page)*

MS MITCHELL: So now there's no way that commercial shipping can proceed. I mean, I'm sure it's --

SECRETARY BLINKEN: It's very -- I think it's very, very difficult, because for the shippers, for the insurers, given the threats -- more than the threats, the action that Russia's taken over the last few days -- it would be very hard to operate in that environment. That's why we are looking for alternatives, we are looking for options; I just don't think we can make up the volume.

MS MITCHELL: What about the false flag? Is it of concern?

SECRETARY BLINKEN: Well, we've raised real concerns about that. I think you heard Bill Burns talk to that, John Kirby from the White House podium. Again, this is something that is part and parcel of the Russian playbook. We said before the aggression against Ukraine started -- I was at the United Nations a couple of weeks before. We laid out in detail the very kinds of false flag operations that they would conduct in anticipation of the attack. It's exactly what they did. We called them on it; the world knew about it. We want to make sure that people see what this is, if it happens, for what it is.

MS MITCHELL: How concerned are you about the counteroffensive, which is bogged down, by Ukraine's own admission?

SECRETARY BLINKEN: Look, these are still relatively early days. We have said from the start, we've known from the start that this would be hard going. You've heard a number of people talk about that. The Russians have laid significant and serious defenses when it comes to mines initially. The Ukrainians are working their way through that. I believe they have what they need to be very successful. And as they deploy and as they actually put into this effort all of the forces that have been trained in recent months, the equipment that we and some 50 countries have provided them, I think that will make a profound difference.

But here's what makes the ultimate difference. The ultimate difference is, unlike the Russians, they're fighting for their land, they're fighting for their country, they're fighting for their future, they're fighting for their freedom. That is the single biggest difference-maker that I think we've already seen as they've taken back more than 50 percent of the territory that Russia initially seized. That's the difference-maker going forward, too.

MS MITCHELL: How weakened do you think Vladimir Putin is by the aborted rebellion?

SECRETARY BLINKEN: It's hard for us to know for sure, and it's hard to -- and probably wrong to speculate. I think what we can say safely is that we've seen cracks emerge in the facade. The fact that Prigozhin made a direct challenge to Putin's authority, the fact that he questioned publicly the very premises that Putin has advanced for the aggression against Ukraine -- that's playing out and will continue to play out. We've seen the ongoing drama, too, of where is Prigozhin, what is the arrangement with Putin? We've seen their forces, the Wagner forces, move to Belarus -- very bad for Belarus, because wherever Wagner goes, exploitation, death, and destruction inevitably follow. We don't know how this will play out.

If I were Mr. Prigozhin, I would remain very concerned. NATO has an "Open Door" policy; Russia has an open windows policy, and he needs to be very focused on that.

MS MITCHELL: Let me ask you about Evan Gershkovich and Paul Whelan. Are there any signals from Moscow that they're open to a trade prior to the inevitable conviction on false charges and sentencing, which would be months and months to come? And Evan Gershkovich has been held already, and Paul Whelan has been there almost five years, or more than five years.

SECRETARY BLINKEN: So Andrea, one of the things that we found not just in dealing with Russia, but dealing with a number of other countries that have arbitrarily detained Americans, is that even when we have fundamental differences, fundamental disagreements -- and almost by definition the countries that engage in this practice are countries with which we have profound differences -- we're still often able to work discretely and separately on efforts to bring Americans home.

*(*Continued On The Following Column)*

Since President Biden's been in office, we've brought 29 Americans who were being arbitrarily detained home from about eight or nine different countries, all countries with which we have very difficult relations. This is something that we continue to work irrespective of anything else that's going on in the relationship. We'll continue to do that.

MS MITCHELL: Is another country offering someone now that might be helpful in a trade?

SECRETARY BLINKEN: We are constantly looking on what it might take, what it might involve to get the result that we want. I can't go any further than that. But all I can tell you is this is something that we're doing day-in, day-out. Our determination is to bring people home.

MS MITCHELL: The House Foreign Affairs Committee Chair Mike McCaul is calling for President Biden to appoint a special envoy for peace talks for Ukraine now. Are you open to that?

SECRETARY BLINKEN: If we saw any evidence that Russia was interested in having meaningful peace talks, we would be the first to jump on it -- well, maybe the second because I suspect the Ukrainians would be first. No one wants this war over more quickly than the Ukrainians. They're on the receiving end of Russia's aggression every day.

Unfortunately, I see zero evidence that Russia's interested. And the fundamental problem is this: President Putin believes, continues to believe, that he can outlast Ukraine and that he can outlast all of Ukraine's supporters. It's vitally important that we disabuse him of that notion. That goes to the support that so many of us are providing Ukraine right now, but it also goes to something very important that we did just a couple of weeks ago at the Vilnius summit and at the end of the summit.

Countries came together, including G7 countries and a few others, to say that they were going to make a long-term commitment to Ukraine's security, help it build up over time its deterrent and defense capacity, so that Russia couldn't repeat this exercise. That sends a very strong signal to Vladimir Putin that we're not going anywhere, Ukraine is not going anywhere, and it will have the means to defend itself.

If there's a change in President Putin's mindset when it comes to this, maybe there'll be an opening. Right now, we don't see it.

MS MITCHELL: On Israel, President Biden has made a very public statement by inviting Tom Friedman into the Oval Office and basically saying that Prime Minister Netanyahu should not pass those supreme court changes while there is such deep divisions in his country that, I should point out, air force reservists are for the first time not even showing up for duty -- that's something that's never happened before -- and that he should think about the threat to Israeli democracy with so much of a divide.

Why was it so important for President Biden to make such a public appeal to the prime minister?

SECRETARY BLINKEN: The President is saying publicly what he shared privately on several occasions with different leaders in Israel. I've had the opportunity to do the same thing. And we come to this from a place where, of course, we have a unique relationship, a unique partnership with Israel spanning back decades. President Biden, more than anyone I know, is in his gut committed to Israel's security, and that will never change.

But as such close partners and friends, we share the concerns that we have with Israel. And I think it's also born of our own experience as democracies. This is what joins us together fundamentally. As democracies, we know that when you're making or trying to make major changes that are going to have a big societal impact, the best way to do it is by trying to build consensus, by trying to build the most support possible, if you want those changes to be durable.

So that's really what he's sharing. I think we've seen Israeli democracy in all of its vibrancy. It's telling a remarkable story right now. That's playing out, and I'm confident the system will be able to deal effectively with it.

*(*Continued On The Following Page)*

MS MITCHELL: Now, when we first went to the – that first NATO meeting and President Biden’s message was America is back, and now we see such divisions and so much partisanship and no longer the bipartisanship that I grew up with on foreign policy. As you look back on what you’ve accomplished in the first two years plus and look forward to doing this in an election climate, what are your overall goals, the bigger goals, now?

SECRETARY BLINKEN: Well, first let me say from my perspective in terms of our strength at home and our standing around the world, we are unquestionably in a much better place than we were a few years ago. The investments we’ve made at home on a bipartisan basis, whether it was in infrastructure, whether it was in our technology and CHIPS, whether it was in the technologies that will power the 21st century economy, including on climate, those investments have resonated not only in the United States; they’ve resonated literally around the world. Every place I go people see the United States doing what’s necessary to strengthen ourselves at home, to sharpen our competitiveness, to make sure that we are the leading country going forward into this 21st century.

Second, we’ve spent a huge amount of time, especially in the first year, working to re-engage, to re-energize, to rejuvenate our alliances and partnerships, because we’re convinced that for all the unique strength we bring to bear, most of the problems that we’re trying to solve that affect the lives of the American people are best and most effectively solved if we can build partnerships and coalitions to deal with them. We simply can’t do it as effectively alone.

Now, having done that, we’ve seen the benefits play out in real time over the last year or two. The coalition that we built to deal with Russia’s aggression against Ukraine, that is a product of that initial investment. The work that we’ve done to build convergence in a very practical way on how to approach China, that is the product of that initial investment.

So going forward, you’re going to see, I think, all of those investments pay off in our efforts to deal with the two big geopolitical challenges that we face; that is, Russia and its aggression against Ukraine and the challenges it poses more largely, and of course, the incredibly complex question of how most effectively to deal with China.

Putting that aside, there’s a whole other subset of problems that are critical to our future and to the well-being of the American people, and that is a series of transnational global issues that have a huge impact here at home. And in each and every one, we have either used existing alliances or partnerships that we’ve rejuvenated, or we’ve created new ones fit for purpose to tackle them.

We started with COVID. We got 671 million vaccines to the rest of the world – 115 countries – free of charge, no political strings attached, and we built a group of countries to make sure that that plan was implemented effectively. We’ve done this with food security, building a global call to action, and we put significant resources into that and had the right countries coming together not only to deal with the emergency situations, but also to help countries build their productive capacity.

We’ve done that most recently on the number one killer of Americans age 18 to 49 – synthetic opioids, fentanyl. And just think about that for one second: The number one killer of Americans age 18 to 49 is fentanyl. So we’ve taken the responsibility not just for the work we’re doing at home to try to reduce demand, increase treatment, increase care; not just the work we’re doing on our border to make sure that the drugs that are coming in, the synthetic opioids that are coming in, 95 percent of which are coming through legal points of entry, and we have technology to help detect that; not only in the work that we’re doing bilaterally with Mexico on enforcement, on taking down the criminal enterprises.

*(*Continued On The Following Column)*

We’ve now globalized this. We put together – the State Department put together with other agencies in the government – a global coalition to deal with synthetic opioids. We had our first meeting about two weeks ago. Almost a hundred countries joined in this effort – and international organizations – to make sure that we’re cooperating, coordinating, acting together around the world, particularly to prevent the diversion of illicit precursors – or in this case, in many cases, actually licit precursors; that is, legal chemicals that are diverted into the illicit production of synthetic opioids – to make sure that that doesn’t happen, to share best practices.

These are just a few examples of where in different ways we’re creating new coalitions, new partnerships to actually tackle the problems that are having a real impact on the lives of our people.

MS MITCHELL: What I hear from foreign leaders, though, is their concern going into the election that this could be a detour of multilateralism, and that there could be a real return to isolationism depending on who gets elected.

SECRETARY BLINKEN: Well, first, happily in this job I don’t do politics. But look, here’s what I can say: Do I hear that concern? Sure. All that those of us who are engaged now in this moment, in this work, can do and say is, look, we have to do the best we can possibly do in the moment that we have. And if we do that, if we demonstrate that we can achieve results, that we can make life better for our fellow citizens, then the likelihood goes up that they will want to sustain that approach, they’ll want to sustain those policies. That’s the best that I can do in trying to make sure that the work we’re doing continues.

MS MITCHELL: I want to also ask you about the artificial intelligence meeting that reached – there’s an agreement today at the White House --

SECRETARY BLINKEN: That’s right.

MS MITCHELL: -- with the private sector, seven big companies on standards. How are you doing on your goal internationally with other governments on achieving some standards, especially going into elections in a number of countries, not only ours, where misinformation can become a major factor? Just look at what happened in 2016 without AI.

SECRETARY BLINKEN: So this is an urgent goal for us right now. The first thing we wanted to do is to try to get our own house in order. We have a special responsibility because the companies that are leading the way on AI, particularly on generative AI, are American companies, American hardware. And the work that we’ve done and the work that the White House has done in particular on getting the foundation platforms to agree on a voluntary basis to some guidelines for how this technology will be developed, particularly trying to take steps to ensure that it’s safe, that it’s secure, and that it builds trust with users – we are now taking that and in effect going global.

So you’ll see in the weeks and months ahead a lot of work, in the first instance, to expand the voluntary commitments internationally; to work with G7 countries, in the first instance, to see if we can develop codes of conduct for companies and regulatory principles for countries; to then broaden the conversation even more, particularly with other countries that are very sophisticated in AI to see if we can come up with a common assessment of risk and then what are the best things that we can do together to limit those risks; and finally, making sure we have the voices of developing countries in this.

And finally – and this is also a product of what the White House has done with the foundation platforms – we want to make sure that AI maximizes its potential for the extraordinary good that it can do around the world. This is going to be the foundational technology for virtually every kind of progress we want to see, whether it’s dealing with disease, whether it’s dealing with climate, whether it’s expanding opportunities and access to education. I could go down the list. The more it’s channeled for good, the more we’re able to mitigate and control it for the negative consequences it can have, the better off we’ll be. The United States will be leading that effort around the world, and you’ll see that play out in the weeks and months ahead.

*(*Continued On The Following Page)*

MS MITCHELL: Do you have anything on the calendar right now in terms of an international meeting?

SECRETARY BLINKEN: Stay tuned.

MS MITCHELL: Stay tuned. You heard it here.

SECRETARY BLINKEN: In fact, we have actually G7 meetings coming up. The UK is doing an important conference in the fall on AI safety. I suspect you'll see work done around the UN General Assembly as well.

MS MITCHELL: Now, I have personal experience – I believe we were in Romania last time we saw what you would call football, what we would call soccer, when it was the U.S. versus Iran. And I've never seen such single focus in as we watched that match. I mean --

SECRETARY BLINKEN: Yeah, I remember that well.

MS MITCHELL: Yes. So --

SECRETARY BLINKEN: I think I aged 10 years in that match there.

MS MITCHELL: Yeah. You're now headed to Wellington, New Zealand. You're going to watch the women play against the Netherlands to see whether they can three-peat. And it's Megan Rapinoe's last hurrah.

SECRETARY BLINKEN: That's -- yep.

MS MITCHELL: There's a lot at stake. You have a young daughter. Megan Rapinoe and our women have done so much for equal pay as well as bringing home such glory to America. So talk to me about women's soccer and your hopes as you head to New Zealand, Australia on this next big trip next week.

SECRETARY BLINKEN: So first, let me be very clear. We have a vitally important strategic dialogue with New Zealand that's taking place next week. (Laughter.) Coincidentally, the World Cup -- (laughter).

MS MITCHELL: But you just happen to be in Wellington, New Zealand.

SECRETARY BLINKEN: Well, if I'm able to scalp a ticket, maybe we'll get there. (Laughter.) I've watched the Women's National Team for decades. It's one of the most exhilarating, exciting things I've seen in any sport. I remember the last World Cup final with the U.S. Women's Team, being really at the edge of my couch. And actually my wife, Evan Ryan, who's the cabinet secretary at the White House, was actually at that match. So --

MS MITCHELL: I seem to remember something when we were negotiating the JCPOA -- it was Secretary Kerry -- and I was watching it in German in Austria.

SECRETARY BLINKEN: One of the big mistakes we've made in the past -- I remember this actually, and I think it was during the last Women's World Cup, or maybe it was -- yes, it was last one -- being in the White House Situation Room. And as you know, there are television screens, and someone made the mistake during a meeting of projecting the game on mute in the Situation Room. All I can tell you is to the extent we were doing any productive work, it stopped. So -- but I'm really looking forward to seeing -- to cheering them on.

We then actually go on to Australia from there. And this is also, I think, very significant because the partnership, the relationship that we've been building in remarkable new ways with Australia with Lloyd Austin, the Secretary of Defense. We'll be there for work with our, we call it, AUSMIN ministerial meetings between the foreign ministers and defense secretaries to further the partnership and the alliance with Australia.

And we'll be stopping in Tonga. We've been spending a little bit of time in the Pacific islands. We'll be doing more of that. We'll be opening a new embassy there.

MS MITCHELL: And all of this has a lot to do with China, of course.

SECRETARY BLINKEN: Well, it also has a lot to do with the relationships we're trying to build with these countries that have in the past been a little bit neglected.

MS MITCHELL: And it has a lot to do with soccer.

SECRETARY BLINKEN: Just a little bit.

MS MITCHELL: How would you rate the women's team?

*(*Continued On The Following Column)*

SECRETARY BLINKEN: Oh, it's hard -- look, I think the challenge they face is they go in as favorites. There's also -- there's always that additional pressure. But there is, I think, no better team in terms of its combination of experience and new talent at the same time. I think they've blended together a remarkable cast of players. I have a lot of confidence in them.

MS MITCHELL: Now, addition to football, in your misspent youth you spent so much time as a musician. I've heard you play, for everybody.

SECRETARY BLINKEN: I'm sorry for that. Yeah. (Laughter.)

MS MITCHELL: And on a somewhat sad but incredibly memorable note, we've lost a great American, Italian American musician today, someone I heard lived here in Aspen many years ago, Tony Bennett. So I wanted to ask you your thoughts about the extraordinary career of Tony Bennett.

SECRETARY BLINKEN: Well, that's just it, Andrea. What an incredible career that has -- that spanned decades and that rejuvenated in many ways in the last couple of decades of his life with these incredible collaborations with new artists. Lady Gaga obviously comes to mind. There's no greater champion of the American songbook. If it's Gershwin, if it's Cole Porter, if it's Rodgers and Hammerstein -- that's Tony Bennett. And the wonderful thing about what he did is connected people so powerfully through what I think is the greatest connector, music, and something that will endure. Those recordings are forever.

MS MITCHELL: It certainly was timeless. Well, with that, we have some great American young leaders here as well as others in the audience, so I want to leave time for questions. And in the front row, yes, ma'am, please. We have a microphone coming with our friends from Aspen. Thank you so much.

QUESTION: Good morning. Thank you so much for being here. My name is Shannon Payne. I'm a public diplomacy practitioner. I work on the International Visitor Leadership Program in Denver, Colorado.

SECRETARY BLINKEN: Great.

QUESTION: And I have a question about the Foreign Service Officer exam and the staffing of the Foreign Service. I know that there were -- excuse me -- adjustments made to the exam process over the last couple of years to try to make the Foreign Service more diverse and representative of the United States. Are we seeing results in increased equity and diversity in the Foreign Service at this time? Do we still need a little bit more time to see the results of those changes?

SECRETARY BLINKEN: Thank you, and thank you for your own work and for your own engagement. Look, just to quickly put this in perspective before coming to the specifics of the question, we are working to build a State Department that actually reflects the country that it represents for two reasons. First, it's the right thing to do, but beyond that, it's the smart and necessary thing to do. We are operating in the most interconnected and diverse world that anyone can imagine. One of the greatest strengths we bring to that world is our own diversity, to be able to bring different experiences, different perspectives, different ways of solving problems to the challenges that we're facing. If we leave so much of that on the sidelines, we're shortchanging ourselves. We're shortchanging our foreign policy. We're shortchanging the country.

So that's why I've been determined to try to make sure that the State Department truly reflects the country that we represent. Part of that is making sure that we're attracting people to the department, and we want to make sure that, for example, when we're looking at their qualifications, we're taking everything into account, not only the work that they do on the Foreign Service exam, which anyone who's taken it knows is a pretty unique beast.

So -- now, in terms of results, there's a lot that we have done and that we've put into motion. I think you'll see this play out, though, over a number of years, not just a number of months. But we now have in place the plan that we're implementing to make sure that we have a genuinely diverse, effective department that's attracting people but also retaining people. One of the things we've experienced over the years is that you get people through the C Street doors, but then some folks -- disproportionately from underrepresented groups -- leave. So if we're not able to retain them, doesn't do much good if we bring them in. And we want to make sure that the most senior ranks of our department reflect who we are. All of that is happening, and I am convinced that as you look out over the next five or six years, you'll see that play out in a real way.

*(*Continued On The Following Page)*

Last thing is this: The most gratifying thing to me is we have more and more people now coming and taking the Foreign Service exam. Kind of went through the floor for a few years; it's now built back up. We've had the two largest entering classes of Foreign Service officers the last couple of years than we've had in a decade.

MS MITCHELL: Another question from our front group. Yes, sir.

QUESTION: (Off-mike.)

SECRETARY BLINKEN: All right.

MS MITCHELL: Then you've got a great head start. We love the Foreign Service.

QUESTION: Hi, Mr. Secretary. I'm actually in State Ops right now, but I'm a Foreign Service officer and rising leader.

SECRETARY BLINKEN: Thank you for connecting the calls.

QUESTION: Yeah. I wanted to just kind of get your take on what are your concerns with Iran these days. There have been (inaudible) protests there over the course of six months or so, and I just kind of wanted to get your take on how do you see that playing out domestically in Iran and then their connection with Russia and the ongoing war with Ukraine.

MS MITCHELL: And if I could add on, should the U.S. do more to help the women of Iran, or would it not be helpful?

SECRETARY BLINKEN: So thank you, and thank you for your service. And thank you, yes, again, for making sure that we're connected. The Ops Center is really the lifeblood of the entire department, so thank you.

We have a lot of concerns about Iran. We have the concern that after having put its nuclear program in a box with the JCPOA, with that agreement no longer in force, Iran has speeded ahead with the production of fissile material for a nuclear weapon. Everything the agreement effectively did to stop that has now been lost and the efforts that we were making to make sure that the breakout time that they would have if they made a decision to produce a nuclear weapon in terms of having the fissile material for such a weapon – having pushed that past a year, it's now down to a matter of weeks. So I have a real concern about that, as well as provocative actions that they take with regard to the program.

I have a lot of concerns about the actions they're taking throughout the region to support various groups that are engaged in profoundly destabilizing activities. And, of course, we were talking about Ukraine a while ago. This is now unfortunately a global enterprise. The drones that Iran has provided to Russia for use in Ukraine are having a real and terrible impact, and it's a two-way street. We're now seeing Russia provide Iran with equipment and technology that it can use for the actions that it's taking in the region, so these are deep concerns. And then finally, at home, of course, we've seen the extraordinary protests led by women, led by girls, standing up for basic rights. And we've seen the means that the Iranian regime has taken to repress them.

We have done a lot of work to try to help people who wanted their voices heard, not only in the sanctions, not only in the spotlighting, but also in work that we've done to provide technology to people in Iran to make sure that they could, to the best of their ability and our ability, stay connected with each other and stay connected with the world. So this is something that's an ongoing concern, but not only our concern, the concern of many other countries around the world. One of the benefits of working to see if we could get back into the nuclear agreement, the JCPOA, is that we're now back in alignment with our European partners, with the UK, with Germany and France, where there'd been a real division over this. And we're working very closely together to deal with some of the excesses committed by the regime.

One final point on this: The other way they've unfortunately gone global is to try to take repressive actions against people halfway around the world who are saying and doing things that they don't like, including in the United States. We are pushing back resolutely against all of that.

(*Continued On The Following Column)

MS MITCHELL: Steve, we've got time for just a couple more, and then Jane.

SECRETARY BLINKEN: Wait, the fix is in. This is Steve Clemons. This is not – as young as you are, Steve, not a young leader.

QUESTION: No, well, great young leaders. Tony, thank you so much. Look, I'm interested in the high-level U.S. visits to China and whether China has done anything in response to these visits to justify those coming. Has Kissinger told you how his trip went, and do you know where Qin Gang is and what's happened to him?

MS MITCHELL: Yeah, has Henry debriefed you?

SECRETARY BLINKEN: So first, Henry is truly extraordinary. One of the benefits of this job is that I get to speak to him every few months on a whole variety of things. And every single conversation, I learn something, get some new insight. And of course we spoke at length before he made his trip to China, and I – I'm looking forward to speaking to him probably next week to get a debrief. And we've been in regular communication.

Look, from our perspective, it's very simple. It was important to us to put some stability back into this relationship, to put a floor under it, to make sure that the competition that we're clearly in doesn't veer into conflict, which would not be in our interest, not be in anyone's interest. And that starts with engagement; it starts with talking. It starts with having a sustained conversation to make sure that, at the very least, you're understanding each other, you're clear about intent, and that misunderstandings, misperceptions don't escalate into something that no one wants. And we've been able to do that.

There's also a demand signal that is clear and powerful around the world, and the demand signal on both China and the United States is that we will each work to responsibly manage the relationship, because it has an impact not just on our two countries but literally on the entire world. We've heard that loudly and clearly, and we're acting on it. I think China is now trying to demonstrate that it's doing the same thing.

So we've had detailed, intense conversations – when I was in China, I think 12 or 13 hours of conversations – with Qin Gang, with Wang Yi, with President Xi. Of course, Secretary Yellen, John Kerry – I anticipate other cabinet members will be going – and Chinese counterparts will be coming to the United States. I think these contacts, these communications are essential, and in fact, it would be irresponsible not to pursue them. If we're actually trying to make progress – not only in preventing competition from veering into conflict but also seeking if, in some areas where we have a mutual interest, we can find ways to cooperate – and we don't try to do it, that's on us.

I mentioned fentanyl before. It would be important to see if China won't cooperate with us and other countries, actually play a leadership role in dealing with fentanyl, because the chemical precursors that right now are going into the illicit manufacture of fentanyl in Mexico wind up in the United States. We want to work cooperatively with them. We'd like to actually have a partnership with China and many other countries in dealing with this. If we're not engaged with them, that's not going to happen.

We have some detainees in China. How are we going to actually get them out if we're not talking? There are areas of potential cooperation and collaboration – John Kerry pursuing climate – global health – I could go down the list.

So both in terms of making sure that we are responsibly managing the relationship and dealing directly and clearly with our differences, and also looking to see if there aren't areas where we can cooperate, if we weren't engaged, we would be – we would be rightly, I think, tagged with being irresponsible. So we are. I have no illusions about where that goes. This is in many ways the challenge of our time. It's the most consequential and probably the most complicated relationship that we have.

As to the whereabouts of any senior officials, I leave that to my Chinese counterparts.

MS MITCHELL: And I know we're out of time, but Jane Harman, a very quick – a quick question and answer because I promised that I would call on Jane. And this will be 30 seconds, Anja, I promise. Congressman --

(*Continued On The Following Page)

QUESTION: Comment on China which is that this whole audience loves Nick Burns and hope you'll send our greetings to him.

SECRETARY BLINKEN: Yes.

QUESTION: Hope he's safe and --

SECRETARY BLINKEN: I will.

QUESTION: -- productive there. Question about whether we've approached Türkiye to help with the Ukraine grain embargo problem. They border on the Black Sea. Erdogan was just in Vilnius trying to be a good citizen -- or maybe he was -- by letting Sweden into NATO. And if he wants to be in the EU, which is another part of his agenda, shouldn't he be very helpful with us here?

SECRETARY BLINKEN: First, Jane, I'm in violent agreement with you about Nick Burns -- (laughter) -- one of the great, great diplomats of our time and obviously someone very well known to Aspen, having helped lead the strategy (inaudible) for so many years.

Second, with regard to Türkiye, Türkiye was instrumental in getting the initiative off the ground in the first place, working closely with Secretary-General Guterres. They did a terrific job in getting this off the ground. They've done a good job in keeping it going at various periods when the Russians were pulling back. And President Erdogan has said, I think just yesterday, that he is engaged with President Putin to see if he can bring them back to the agreement. So we look to Türkiye to play the role that it's already played, a leadership role in getting this back on track, making sure that people around the world can get the food they need at reasonable prices.

MS MITCHELL: We are out of time, but I can't think of time better spent than with Secretary Blinken. My greatest thanks to Aspen for letting me do this today and to Secretary Blinken for being with us. Thank you. (Applause).

FOR IMMEDIATE RELEASE

July 26, 2023

www.bis.doc.gov

BUREAU OF INDUSTRY AND SECURITY

Office of Congressional and Public Affairs

OCPA@bis.doc.gov

DEPARTMENTS OF JUSTICE, COMMERCE, AND TREASURY ISSUE JOINT COMPLIANCE NOTE ON VOLUNTARY SELF-DISCLOSURE OF POTENTIAL VIOLATIONS

WASHINGTON, D.C.— The Department of Justice, Department of Commerce's Bureau of Industry and Security (BIS), and the Department of the Treasury's Office of Foreign Assets Control (OFAC) today issued a joint compliance note focusing on the voluntary self-disclosure policies that apply to U.S. sanctions, export controls, and other national security laws, including recent updates to certain of those policies. Today's note marks the second collective effort by the three agencies to inform the private sector about enforcement trends and provide guidance to the business community on compliance with U.S. sanctions and export laws.

"American businesses play a vital role in defending our national security, because they are gatekeepers for sensitive technologies and key participants in the financial system," said Assistant Attorney General for National Security Matthew G. Olsen. "Responsible companies that come forward as soon as they learn of potential sanctions and export control violations will benefit from the protections of these self-disclosure policies."

"When it comes to protecting our cutting-edge technology from falling into the wrong hands, industry is our first line of defense," said Assistant Secretary of Commerce for Export Enforcement Matthew S. Axelrod. "As this joint compliance note makes clear, we need companies to tell us when they have potentially violated our rules and offer them concrete benefits for doing so."

*(*Continued On The Following Column)*

The compliance note describes the voluntary self-disclosure policies of BIS, the Department of Justice's National Security Division, and OFAC, and highlights recent updates related to these policies. Additionally, the compliance note highlights the Financial Crime Enforcement Network (FinCEN)'s Anti-Money Laundering and Sanctions Whistleblower Program, which incentivizes individuals in the United States and abroad to provide information to the government about violations of U.S. trade and economic sanctions, in addition to violations of the Bank Secrecy Act. "As adversaries leverage increasingly sophisticated efforts to evade international sanctions and export controls, it's more important than ever to maintain open communication between the public and private sectors," said OFAC Director Andrea Gacki. "By taking advantage of our voluntary self-disclosure policy, companies can both help themselves and help us protect our financial system."

The note underscores the importance of an effective and robust compliance program. If a company discovers a potential violation, whether it is an administrative or criminal violation, that company must promptly disclose and remediate. Not only does such reporting make the disclosing company potentially eligible for significant mitigation, but it also alerts national security agencies to activities that may pose a threat to the national security and foreign policy objectives of the U.S. Government.

The full compliance note is available [here](#).

Artemis Accords Overview

Grounded in the [Outer Space Treaty of 1967 \(OST\)](#), the Artemis Accords are a non-binding set of principles designed to guide civil space exploration and use in the 21st century. Co-led for the United States by the Department of State and the [National Aeronautics and Space Administration \(NASA\)](#), the Artemis Accords were launched on October 13, 2020 with Australia, Canada, Italy, Japan, Luxembourg, the United Arab Emirates, the United Kingdom and the United States. As of June 2023, there are 27 signatories, and we continue bring together nations with a common vision for peaceful, sustainable, and transparent cooperation in space.

In a ceremony hosted by President Alberto Fernández at the Casa Rosada, Minister of Science, Technology and Innovation Daniel Filmus signed the Artemis Accords on behalf of the Argentine Republic. The ceremony took place during the visit of NASA Administrator Bill Nelson to Argentina. Administrator Nelson gave remarks, as did U.S. Ambassador Marc R. Stanley, President Fernández, and Foreign Minister Cafiero. Argentina became the 28th nation to sign the Accords, and the fifth Latin American country, following Brazil, Colombia, Ecuador and Mexico.

Since January 2023, five nations have joined the Accords: the Czech Republic, Spain, Ecuador, India, and now Argentina. The diverse Accords signatories -- spanning every permanently inhabited continent -- represent a growing multilateral conversation and share a common vision of peaceful space cooperation. By signing the Accords, Argentina has demonstrated its commitment to important principles such as transparency, emergency assistance and release of scientific data in its space activities.

The United States and Argentina have a long history of cooperating in space, including in space geodetic research; satellite-based Earth observations; and in bilateral trade and investment in space-related goods and services. Through the Artemis Accords, our nations share a common understanding and approach to safe and sustainable exploration and use of outer space.

*(*Continued On The Following Page)*

U.S. Treasury Targets Four Officials in Bosnia and Herzegovina for Undermining the Dayton Peace Agreement

July 31, 2023

WASHINGTON – Today, the U.S. Department of the Treasury’s Office of Foreign Assets Control (OFAC) designated one state-level official of Bosnia and Herzegovina (BiH) and three government officials from the Republika Srpska (RS), one of two entities comprising BiH, pursuant to Executive Order (E.O.) 14033. These leaders are directly responsible for encouraging the passage of a Republika Srpska National Assembly (RSNA) law that purports to declare the decisions of the BiH Constitutional Court (BiH CC) inapplicable in the RS, thus obstructing and threatening the implementation of the Dayton Peace Agreement (DPA).

“This action threatens the stability, sovereignty, and territorial integrity of Bosnia and Herzegovina and the hard-won peace underpinned by the Dayton Peace Agreement. This behavior further threatens the country’s future trajectory and successful integration into Euro-Atlantic institutions,” said Under Secretary of the Treasury for Terrorism and Financial Intelligence Brian E. Nelson. “We will continue to support the people of Bosnia and Herzegovina in their efforts to maintain the rule of law and make sure peace and prosperity prevail.”

RS President Milorad Dodik sponsored the introduction of the Law on the Non-Application of the Decisions of the BiH CC in the RSNA and has been a primary proponent of its adoption. The U.S. designated Dodik on January 5, 2022 pursuant to E.O. 14033 for being responsible for or complicit in, or having directly or indirectly engaged in, a violation of, or an act that has obstructed or threatened the implementation of, the DPA as well as for corrupt activities. The United States also previously designated Dodik on July 17, 2017 pursuant to E.O. 13304 for obstructing the DPA. After RSNA adoption of the law in June 2023, the High Representative in BiH exercised his authority on July 1 to nullify the legislation, publicly condemning the law as undermining regional constitutional order, rule of law, and the division of powers. Despite the High Representative’s action to annul the law, Dodik signed the law into effect on July 7, 2023.

Today’s designations build on prior U.S. sanctions and visa restrictions designed to promote accountability of persons who undermine democratic processes or institutions. These actions are part of the U.S. government’s wider efforts to promote peace, stability, and functional democratic governance in the Western Balkans region.

INDIVIDUALS INVOLVED IN EFFORTS TO DISMANTLE THE BIH STATE

The process by which laws are passed and the RSNA website make clear that the individuals targeted in today’s action and listed below bear responsibility for requesting the June 27 special session of the RSNA to hold the vote on this inflammatory legislation. The RSNA credits Radovan Viskovic, Nenad Stevandic, and Zeljka Cvijanovic for requesting the special session on June 27, and Milos Bukejlovic presented the law to the RSNA on behalf of the RS government. Consequently, these four individuals bear responsibility for encouraging the adoption of this legislation that threatens the implementation of the DPA.

Speaker and President of the RSNA **Nenad Stevandic (Stevandic)** also publicly called for the Law on the Non-Application of the Decisions of the BiH CC to be passed and convened the session in which he voted in support of the law. His name and position as Speaker are stamped at the bottom of the decision.

RS Prime Minister **Radovan Viskovic (Viskovic)** also promoted the Law on the Non-Application of the Decisions of the BiH CC, calling it a legitimate response to the BiH CC. In his official capacity, Viskovic publicly condemned the BiH CC for recent decisions that he viewed as unfavorable to the RS.

Serb member of the BiH Presidency **Zeljka Cvijanovic (Cvijanovic)** also met with Dodik, and affirmed her complete unity with him concerning future decisions prior to the passage of the law. Cvijanovic publicly defended the action after the Law on the Non-Application of the Decisions of the BiH CC was passed. Cvijanovic was previously designated by the United Kingdom on April 11, 2022, for undermining the legitimacy and functionality of BiH.

(*Continued On The Following Page)

The Artemis Accords were launched on October 13, 2020, with eight nations. Jointly led by the Department of State and NASA for the United States, the Accords are grounded in the Outer Space Treaty of 1967. With Argentina’s signature, the twenty-eight Accords signatories are: Argentina, Australia, Bahrain, Brazil, Canada, Colombia, Czech Republic, Ecuador, France, India, Israel, Italy, Japan, Luxembourg, Mexico, New Zealand, Nigeria, Poland, the Republic of Korea, Romania, Rwanda, Saudi Arabia, Singapore, Spain, Ukraine, the United Arab Emirates, the United Kingdom, and the United States.

<https://www.state.gov/artemis-accords/>

Breakout Time

Iran is “breaking out of its box,” declares the headline of a Foreign Affairs essay by Jamsheed K. Choksy and Carol E.B. Choksy, who identify Iran’s recent rapprochements with regional rivals, notably including a re-normalization of diplomatic ties with Saudi Arabia, via talks facilitated by China. It doesn’t stop there, they write: Iran “has embarked on a charm offensive across the Arab world, seeking to reestablish diplomatic ties and economic influence in Bahrain, Egypt, Kuwait, Oman, the United Arab Emirates (UAE), and elsewhere. Iran sees an opening to take advantage of the United States’ confused and diminished ambitions in the Middle East, and its moves are contributing to the further displacement of the United States there. ... Going forward, reestablishing ties across the Middle East can decouple Iran’s currency flows from the dollar and the euro, allowing Iranian goods to bypass American and European sanctions.”

While the diplomatic and economic efforts are indeed “yielding dividends,” the authors caution against buying into the whole initiative: Iran’s goal of being a dominant regional powerhouse likely remains unchanged, they argue, suggesting the US shore up alliances with its Sunni partners.

Part of the calculus, the Foreign Affairs authors suggest, may involve a need to alleviate domestic difficulties, as leaders in Tehran have faced a wave of popular discontent following 2022’s massive protests over the death of Mahsa Amini. On that front, Iranian politics are not yet settled: At the Stimson Center, Javad Heiran-Nia writes that Iran’s young people remain unsatisfied, while the reformist political forces (which counterbalanced regime hardliners in decades past) have yet to adapt to the new reality. Insights, analysis and must reads from CNN’s Fareed Zakaria and the Global Public Square team, compiled by Global Briefing editor Chris Good

Insights, analysis and must reads from CNN’s Fareed Zakaria and the Global Public Square team, compiled by Global Briefing editor Chris Good

Seeing this newsletter as a forward? Sign up here.

Click here:

https://www.cnn.com/newsletters/fareeds-global-briefing?utm_term=1690720392363a907a3f612ff&utm_source=cnn_Fareed%27s+Global+Briefing%2C+July+30%2C+2023&utm_medium=email&bt_e=Uzd53ddlHQDrMLQ%2FB99Z5%2FwHw5ybsDpDxybP1dqokqQQm4GWZdRHNgJ35iu5PG&bt_ts=1690720392365

As RS Minister of Justice, **Milos Bukejlovic (Bukejlovic)** also bears responsibility for the preparation of the Law on the Non-Application of the Decisions of the BiH CC. Bukejlovic endorsed the law in a statement to the RSNA, calling on it to adopt the law to demonstrate the “unity” of the RS.

The institutions and government positions that these four individuals represent and hold are not the target of today’s OFAC’s actions, only the individuals themselves.

OFAC is designating **Stevandic, Viskovic, Cvijanovic, and Bukejlovic** pursuant to E.O. 14033 for being responsible for or complicit in, or having directly or indirectly engaged in, a violation of, or an act that has obstructed or threatened the implementation of, any regional security, peace, cooperation, or mutual recognition agreement or framework or accountability mechanism related to the Western Balkans, including the Prespa Agreement of 2018; the Ohrid Framework Agreement of 2001; United Nations Security Council Resolution 1244; the Dayton Accords; or the Conclusions of the Peace Implementation Conference Council held in London in December 1995, including the decisions or conclusions of the High Representative, the Peace Implementation Council, or its Steering Board; or the International Criminal Tribunal for the former Yugoslavia, or, with respect to the former Yugoslavia, the International Residual Mechanism for Criminal Tribunals.

SANCTIONS IMPLICATIONS

As a result of today’s action, all property and interests in property of the designated persons described above that are in the United States or in the possession or control of U.S. persons are blocked and must be reported to OFAC. In addition, any entities that are owned, directly or indirectly, individually or in the aggregate, 50 percent or more by one or more blocked persons are also blocked. All transactions by U.S. persons within (or transiting) the United States that involve any property or interests in property of designated or otherwise blocked persons are prohibited unless authorized by a general or specific license issued by OFAC, or exempt. The prohibitions include the making of any contribution or provision of funds, goods, or services by, to, or for the benefit of any blocked person, or the receipt of any contribution or provision of funds, goods, or services from any such person.

In addition, financial institutions and other persons that engage in certain transactions or activities with the sanctioned individuals may expose themselves to sanctions or be subject to an enforcement action.

MISSION STATEMENT:

Given the geopolitical state of affairs with China, Russia, and Crimea, the Occupied territories of UKRAINE, Donetsk and Luhansk Oblast, embargoed countries and other specific threatening end users and entities, located in the United States and around the globe;

Evolutions in Business and the companies we serve, armed with robust compliance to the Export Administration Regulations, will adhere to best practices to protect our revenue and yours, and ensure the national security interests of the United States.

NOTE: In accordance with Title 17 U.S.C. Section 107, this material is distributed without profit or payment for non-profit news reporting and educational purposes only.

Evolutions in Business

Celebrating more than 30 Years