



# EIB World Trade Headlines

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June 15, 2020 - Volume 12, Issue 11



## Agencies say FCC should deny request for underwater cable between Hong Kong and US

A group of federal agencies has recommended the Federal Communications Commission (FCC) deny a request by a Chinese government-linked company to directly connect the U.S. and Hong Kong through an underwater communications cable.

The agencies -- known as Team Telecom and made up of the Justice Department, the Department of Homeland Security and the Department of Defense -- said the FCC should deny a request made by the Pacific Light Cable Network (PLCN) to connect Hong Kong and U.S., citing concerns that the cable would enable the Chinese government to access American data. According to the Justice Department, one of the main investors in PLCN is the Pacific Light Data Company, a subsidiary of the fourth largest telecommunications provider in China.

The agencies cited concerns around cyber vulnerabilities to underwater sea cables that could make them easy to exploit. Acting Homeland Security Secretary Chad Wolf said in a statement that the recommendation to the FCC showed the U.S. is "committed to securing our critical infrastructure, which is essential to our national security."

"To maintain the security and prosperity of our digital economy, it is vital to ensure that undersea communications cables are secure," Wolf said. "Routing undersea cables through Hong Kong would provide the People's Republic of China with a strategic opportunity to collect the private information of our citizens and sensitive commercial data.

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Hong Kong is subject to intrusive Chinese government laws that put the demands of information by the Chinese Communist Party ahead of the privacy of U.S. consumers.”

U.S. officials have long been concerned about allowing Chinese telecom companies access to American networks, pointing to a 2017 intelligence law that requires Chinese companies and citizens to disclose data to Beijing if requested.

The Justice Department cited the Chinese intelligence law in opposing the cable between Hong Kong and the U.S., saying it should instead skip over the city due to mainland China's control over Hong Kong.

Team Telecom did, however, give the green light to PLCN's application to connect Taiwan, the Philippines, and the U.S., pointing to those portions of the project being controlled by subsidiaries of Google and Facebook.

## Bank of England Expected to Expand Bond Purchases

The Bank of England will announce new monetary policy today and is expected to expand its bond buying programs to bolster the faltering U.K. economy. The U.K. has experienced a record 25 percent contraction due to the coronavirus lockdowns. Meanwhile, trading in the stock of China's second-largest online retailer [JD.com](https://www.jd.com) Inc. begins today [in Hong Kong](#). JD follows Chinese gaming company Netease and ecommerce giant Alibaba.

## State Dept. OKs \$862M Canadian Jet Fighter Upgrade Deal

The U.S. Department of State has approved an estimated \$862.3 million deal to upgrade Canada's F-18 Hornet fighter jets, extending their service life while the Canadian government decides on a replacement for its aging fleet.

## General Prohibition No. 3: Direct Product Rule

§ 736.2(b)(3) of the EAR

(A) Non-U.S.-made items produced from U.S. non-“600 series” and non-9x515 technology or software, OR from a non-U.S.-made manufacturing plant or major plant component (made from U.S. non-“600 series” and non-9x515 technology or software) are subject to the EAR and may require a license or license exception for export from abroad if all of the following apply:

(1) The U.S. technology or software requires a written assurance as a supporting document for a license as defined in paragraph (o)(3)(i) of Supplement No. 2 to part 748, or as a precondition for use of License Exception TSR in § 740.6 or the EAR (Generally, this means the US technology/software is controlled for NS reasons);

(2) The non-U.S.-made item is subject to national security (NS) controls as designated in the ECCN on the CCL (Supp. No. 1 to part 774 of the EAR); and

(3) The non-U.S.-made item is destined to a destination listed in Country Group D:1, E:1 or E:2 (Supp. No. 1 to part 740 of the EAR).

(B) Non-U.S.-made items produced from U.S. “600 series” or 9x515 technology or software, OR from a non-U.S.-made manufacturing plant or major plant component (made from U.S. “600 series” or 9x515 technology or software) are subject to the EAR and may require a license or license exception to export from abroad if all of the following apply:

(1) The non-U.S.-made item is produced from “600 series” or 9x515 U.S. technology or software;

(2) The non-U.S.-made item is specified under a “600 series” ECCN or 9x515 of the CCL (Supp. No. 1 to part 774 of the EAR); and

(3) Either or both of the following are true:

(a) For “600 series” non-U.S.-made items, the destination is listed in Country Group D:1, D:3, D:4, D:5, E:1 or E:2 (Supp. No. 1 to part 740 of the EAR); or

(b) For 9x515 non-U.S.-made items, the destination is listed in Country Group D:5, E:1 or E:2 (Supp. No. 1 to part 740 of the EAR).

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NOTE: “600 series” or 9x515 non-U.S.-made direct products of U.S technology or software subject to GP3 do not require a license for export from abroad to the new destination unless the new destination would have been prohibited or made subject to a license requirement or prohibition by part 742, 744, 746, or 764 of the EAR.

NOTE: This guidance does not address items classified as ECCN 0A919. Please see that ECCN entry in the Commerce Control List for guidance.

(C) Entity List Direct Product Rule (see footnote 1 to Supp. No. 4 to part 744 and § 736.2(b)(3)(vi) of the EAR)

(a) Direct product of “technology” or “software” specified in certain Category 3, 4 or 5 ECCNs

If the answer is YES to ALL 4 of the following questions, then the foreign-produced item is subject to the EAR and a license is required for export, reexport or transfer (in-country) of the item to any entity with a footnote 1 designation in the license requirement column of the Entity List.

1. Do you have “knowledge” that the foreign-produced item, including a semiconductor design, is destined to an entity with a footnote 1 designation in the license requirement column of the Entity List (Supplement No. 4 to part 744)?
2. Is the foreign-produced item being produced or developed outside the U.S. by a footnote 1 listed Entity?
3. Is the foreign-produced item a direct product of “technology” or “software” subject to the EAR, i.e., U.S.-origin, or foreign-origin but subject to the EAR pursuant to de minimis or direct product rules?
4. Is the “technology” or “software” specified by one of the following ECCNs: 3D001, 3D991, 3E991, 3E001, 3E002, 3E003, 4D001, 4D993, 4D994, 4E001, 4E992, 4E993, 5D001, 5D991, 5E001, or 5E991?

(b) Direct product of a plant or major component of a plant

If the answer is YES to ALL 4 of the following questions, then the foreign-produced item is subject to the EAR and a license is required for export, reexport or transfer (in-country) of the item to any entity with a footnote 1 designation in the license requirement column of the Entity List.

1. Do you have “knowledge” that the foreign-produced item, including a semiconductor, is destined to an entity with a footnote 1 designation in the license requirement column of the Entity List (Supplement No. 4 to part 744)?

2. Is the plant or major component of a plant located outside the United States?

3. Is the plant or ‘major component of a plant’ a direct product of U.S.-origin “technology” or “software” specified in ECCN 3D001, 3D991, 3E991, 3E001, 3E002, 3E003, 4D001, 4D993, 4D994, 4E001, 4E992, 4E993, 5D001, 5D991, 5E001, or 5E991, whether made in the U.S. or a foreign country?

Note: A ‘major component of a plant’ located outside the United States means equipment that is essential to the “production” of an item, including testing equipment, to meet the specifications of a design produced or developed by an entity with a footnote 1 designation in the license requirement column of the Entity List.

4. Is the foreign-produced item a direct product of “software” or “technology,” whether or not subject to the EAR, produced or developed by an entity with a footnote 1 designation in the license requirement column of the Entity List (Supplement No. 4 to part 744)?

*This information is for general guidance purposes only and should not be regarded as a substitute for legal advice concerning the applicability of this rule to particular facts and circumstances.*

## NEW CHINESE COMPANIES ADDED TO ENTITIES LIST

### China

- Beijing Cloudmind Technology Co., Ltd.;
- Beijing Computational Science Research Center;
- Beijing Jincheng Huanyu Electronics Co., Ltd.;
- Center for High Pressure Science and Technology Advanced Research;
- Chengdu Fine Optical Engineering Research Center;
- China Jiuyuan Trading Corporation;
- Harbin Chuangyue Technology Co. Ltd.;
- Harbin Engineering University;
- Harbin Institute of Technology;
- Harbin Yun Li Da Technology and Development Co., Ltd.;
- JCN (HK) Technology Co., Ltd.;
- Kunhai (Yanjiao) Innovation Research Institute;
- Peac Institute of Multiscale Science;

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Qihoo 360 Technology Company;

- Shanghai Nova Instruments Co., Ltd.;
- Sichuan Dingcheng Material Trade Co., Ltd.;
- Sichuan Haitian New Technology Group Co., Ltd.;
- Sichuan Zhonghe Import and Export Trade Co., Ltd.;
- Skyeeye Laser Technology Limited; and
- Zhu Jiejun.

Hong Kong

- Cloudminds (Hong Kong) Limited;
- JCN (HK) Technology Co., Ltd.; and
- K Logistics (China) Limited.

United Kingdom

- Cloudminds Inc.; and
- Qihoo 360 Technology Co. Ltd.

## Commerce Department Announces NTIA Pilot Program with HHS, FDA to Fight Illegal Online Opioid Sales

WASHINGTON – Today, the Department of Commerce and the Department of Health and Human Services (HHS) announced a 120-day pilot program to curb illegal online sales of unapproved opioids. Under the program, the National Telecommunications and Information Administration (NTIA) and the U.S. Food and Drug Administration (FDA) will work with three domain name registries, Neustar (.us), Verisign (.com, .net) and Public Interest Registry (.org), to suspend the domain names of websites found to be illegally selling unapproved opioids.

For the duration of the pilot, FDA will serve as a “trusted notifier” to alert the registries about websites that are illegally selling unapproved opioids. Upon receiving notice from the FDA, a registry may then voluntarily lock the domain, delete the domain, or place the domain on hold, as appropriate. The “trusted notifier” designation expedites the process for suspending domain name registrations.

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“The trusted notifier pilot program is another new policy tool in President Trump’s fight to end the opioid crisis,” said Secretary of Commerce Wilbur Ross. “The Commerce Department is eager to work with our partners at HHS, FDA, and the domain name registries to remove a major channel for the sale of illicit opioids, which will help save many American lives.”

“Cooperation between the Department of Health and Human Services and the Department of Commerce, with the addition of the pilot program, will help stop the online sale of illicit opioids and combat our country’s deadly addiction crisis,” said HHS Secretary Alex Azar. “Stopping abuse of illegal opioids, including those sold online, has been one of President Trump’s top health priorities. The men and women of FDA have worked tirelessly over the years with the private sector and federal partners, like NTIA, to fight illegal online opioid sales.” At the end of the pilot program, NTIA, FDA, and the domain name registries will analyze the program’s effectiveness and its potential as a long-term solution to combatting the illegal sale of unapproved opioids online. NTIA and FDA announced the partnership in an effort to combat the opioid crisis during the [FDA’s 2<sup>nd</sup> Online Opioid Summit](#). The agencies believe the program can contribute to ongoing best practices by Internet companies for reducing the availability of unapproved opioids offered for sale online.

## What’s the Difference Between Today’s US Space Force and the Reagan Era Star Wars?

The U.S. Space Force is being brought to life with federal funding and contractor rockets and electronics. This might be a good time to remember the lesson’s learned from the earlier Reagan era Strategic Defense Initiative (SDI) program.

First, let’s check out what’s behind the Space Force. A few years back, President Trump floated the idea of a space force as a new branch of the military. The Pentagon was quick to remind the president that a space force already existed in the armed services, mainly under the purview of the Air Force. No matter, the White House believed a new initiative was needed especially in light of the tensions and trade war with China. Dominance in space was the rallying call.

For those of us working in the defense industry in the 1980s and 90s, this all seemed eerily reminiscent of the famous “Star Wars” program initiated by former US President Ronald Reagan during the Cold War era. Officially known as the Strategic Defense Initiative (SDI), the program focused mainly around a space-based anti-missile system aimed at protecting US from potential preemptive military strikes from the former Soviet Union.

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At the time, the main components of the SDI were considered technologically impossible – i.e., anti-ballistic missiles including lasers and electromagnetic weapons. While there were some successes, the program failed to meet its loftier technical goals. Now let's fast forward to today. While many dangers persist in the world, it's not clear that the most imminent threat is from space. For example, it would be far easier and less costly to launch a cyberattack against an enemy's infrastructures, steal technology IP, rig an election process or upset financial markets than to dominate in space. Regardless, the race to create a space force has been awakened and – more importantly – funded.

The proposed 2021 budget for the U. S. Space Force – established under the Department of the Air Force - would transfer over \$15 billion from its parent military branch. Additionally, the Department of Defense Budget requests \$1.6 billion for three National Security Space Launch vehicles, the AFSPC-36, AFSPC-87 and AFSPC-112. From congressional committee reports, it appears that the bulk of the Space Force budget will go to the procurement of space systems and not for additional personnel, although recent advertisements encourage enlistment into the Space Force. It's worth noting that the Space Force has been organized as a military service branch within the Department of the Air Force. It is the smallest U.S. armed service within the U.S. Department of Defense (DoD). As a point of reference, the Space Force is the first new military branch since the Air Force spun off from the Army in 1947.

On the contractor side of Space Force funding, Northrop Grumman has received a \$2.37 billion contract to develop two satellites that will be part of a future constellation that provides the U.S. military early warning of incoming missiles. The contract will be part of the Next-Generation Overhead Persistent Infrared missile warning satellites, which will be deployed in polar orbits. Even Elon Musk's SpaceX is getting into the act, which is hardly surprising consider the numerous successful launches of the Falcon rockets to the ISS. The recent award of an \$8.9 million "fleet surveillance" contract gives the Space Force a closeup view of the inner workings of SpaceX commercial and civil space launches



## New Method for Fabricating Ceramics Eyed for Material Design

by: Elizabeth Montalbano June 05, 2020

Researchers have developed a way to fabricate ceramics with unprecedented speed that could make these materials more accessible for use in applications such as solid-state batteries, fuel cells, 3D-printing technologies, and more, they said.

A team at the University of Maryland (UMD) has invented a high-temperature sintering method that updates a 26,000-year-old manufacturing process into a more innovative approach to developing modern ceramic materials, researchers said.

The method created by the scientists—led by Liangbing Hu, distinguished professor of materials science and engineering and director of the Center for Materials Innovation at UMD—can create ceramics in less than 10 seconds of total processing time, which is more than 1,000 times faster than the traditional furnace approach to sintering, he said.

To create the materials this quickly, the process uses high heating and high cooling rates, an even temperature distribution, and sintering temperatures of up to 3,000 degrees Celsius, researchers said.

Ceramics are widely used in batteries, electronics, and extreme environments because of their high thermal, mechanical, and chemical stability. However, one drawback is the time it takes to create ceramics, as conventional ceramic sintering techniques require hours—from heating a furnace to several hours to bake the ceramic material.

There are other, faster sintering technologies—such as microwave-assisted sintering, spark plasma sintering, and flash sintering—but each of them have their limitations for a variety of reasons related to materials or cost-effectiveness, researchers said.

### Speeding the Process

To achieve their result, the team sandwiched a pressed green pellet of ceramic precursor powders between two strips of carbon that quickly heated the pellet through radiation and conduction, Hu said. This created a consistent high-temperature environment that forced the ceramic powder to solidify quickly, he said.

"The temperature is high enough to sinter basically any ceramic material," Hu said in a press statement, adding that the process can be extended to other membranes beyond ceramics.

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Researchers published a paper on their work in the journal Science.

In addition to using the process to fabricate materials for commercial use, the scientists also hope their process will allow for the use of computational predictions to help materials scientists predict new and improved ceramic materials. Their process now can eliminate the previous barrier to screening new materials before mass producing them, which previously were limited by the long processing times and the poor compositional control from volatile element loss in conventional ceramic sintering techniques, researchers noted in their paper.

The team is currently working to commercialize the process through a UMD spinoff company called HighT-Tech LLC, which focuses on a range of high temperature technologies.

## BIS TO DEPLOY U.S. AIR FORCE SUPPLY CHAIN SURVEY

WASHINGTON, DC – The U.S. Department of Commerce’s Bureau of Industry and Security (BIS) in coordination with the U.S. Department of Defense’s U.S. Air Force Sustainment Center (AFSC), is conducting an industrial base survey of the supply chains affiliated with Air Force systems.

The resulting data will present the structure and interdependencies of organizations participating in Air Force sustainment, to include maintenance, repair, and overhaul (MRO) related activities. This assessment will benefit the AFSC and strengthen their ability to identify and resolve supply chain deficiencies, foreign dependencies, and other challenges in the industrial base. Additionally, the survey will track difficulties faced by suppliers, including impacts resulting from the novel coronavirus, and provide opportunities for meaningful feedback and action by the U.S. Government.

BIS has authority under the Defense Production Act of 1950 (DPA), as amended, to conduct industry wide surveys to assess the financial health and economic competitiveness of U.S. industries that support defense capabilities and requirements.

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For more information on the assessment and overall program, contact Jason Bolton, Program Manager, Defense Industrial Base Division, Office of Technology Evaluation, Bureau of Industry and Security, at [Jason.Bolton@bis.doc.gov](mailto:Jason.Bolton@bis.doc.gov).

### Questions and Answers (Not posted)

#### **Q. What authority does the Bureau of Industry and Security have to conduct this survey?**

**A.** BIS utilizes its unique authority under the DPA to conduct research and analysis of critical technologies and industrial sectors to advance U.S. national security and economic competitiveness. BIS uses industry-specific surveys to obtain production, R&D, export control, employment, and other relevant data to inform U.S. Government policies and proposals.

#### **Q. What is the U.S. Air Force Sustainment Center?**

**A.** The mission of the U.S. Air Force Sustainment Center (AFSC) is to sustain weapon system readiness to generate airpower for America. The AFSC oversees maintenance, repairs, installations, and supply chain activities for the Air Force. Headquartered at Tinker Air Force Base in Oklahoma City, Oklahoma, the AFSC is composed of 32,000 mission critical military and civilian personnel who ensure the viability of the Air Force’s most sophisticated weapons systems.

#### **Q. Who requested the assessment?**

**A.** The assessment was requested by the U.S. Department of Defense’s U.S. Air Force Sustainment Center (AFSC).

#### **Q. What will the information from the assessment be used for?**

**A.** This assessment is part of a broad initiative to enhance the Air Force’s ability to respond to supply chain disruptions and ensure a secure and resilient defense industrial base. The data generated by the survey will also enhance the Air Force’s ability to understand and monitor the behavior of the organizations comprising its sustainment ecosystem.

#### **Q. What type of data will the assessment produce?**

**A.** The assessment will map the Air Force supply chain in great detail. It will identify interdependencies between respondents, suppliers, customers, and government agencies. The instrument will benchmark trends in business practices, competitiveness issues, and financial health across many tiers of the Air Force’s sustainment community. Accordingly, recommendations will be generated and shared with government stakeholders to aid in policy planning, outreach, and problem resolution.

#### **Q. Is a similar assessment being conducted for all branches of the military?**

**A.** The Air Force supply chain survey is the only BIS assessment currently examining a military branch’s specific supply chain network. In the future, other military segments of the industrial base will likely be evaluated by BIS.

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**Q. Has BIS conducted similar studies in the past?**

**A.** Yes. Since 1986 BIS has conducted over 60 assessments and 150 surveys on a wide range of topics, including shipbuilding, strategic materials, space and aeronautics, rocket propulsion, munitions, and semi-conductors, among others. The results of most of BIS's industrial base assessments can be found here: <https://www.bis.doc.gov/dib>.

**Q. Will the findings from this assessment be publicly available?**

**A.** In order to safeguard the Air Force supply chain and ensure the integrity of respondent information, data will be released only in aggregate form. Data provided by industry is deemed business confidential under the DPA and can be withheld from release under the Freedom of Information Act (FOIA).

## BIS Extends Comment Period for Electrical Steel Investigation

WASHINGTON...Based on non-substantive requests from industry stakeholders, the Bureau of Industry and Security announced today it will extend the public comment period until July 3, 2020 for the Section 232 investigation into Imports of electrical steel. The initial comment period was set to expire on June 9, 2020. The period for rebuttal comments is being extended to July 24.

On May 4, 2020, U.S. Secretary of Commerce Wilbur Ross announced the initiation of an investigation into whether laminations for stacked cores for incorporation into transformers, stacked and wound cores for incorporation into transformers, electrical transformers, and transformer regulators are being imported into the United States in such quantities or under such circumstances as to threaten to impair the national security. The decision to launch an investigation under Section 232 of the Trade Expansion Act of 1962, as amended, followed inquiries and requests from multiple members of Congress as well as industry stakeholders.

## Port of Long Beach reports shipments up in May after decline

Published 3:34 pm EDT, Tuesday, June 9, 2020

LONG BEACH, Calif. (AP) — Cargo shipments through the Port of Long Beach rose in May and there was a jump in empty containers heading back overseas, officials said Tuesday. May was the first month in 2020 to see a rise in cargo shipments and followed seven consecutive months of declines, the port said.

“We aren’t out of the woods, but this is the gradual growth we have anticipated as the United States starts to rebound from the devastating economic impacts of COVID-19 and the trade war with China,” Harbor Commission President Bonnie Lowenthal said in a statement.

According to the port, manufacturing in China continues to rebound and demand for furniture, digital products and home improvement goods is increasing in the U.S.

## How Will New U.S. Sanctions Impact Syria’s Conflict?

With the country’s economy in free fall and new protests erupting, biting sanctions aim to squeeze Assad and his backers.

Wednesday, June 17, 2020 / BY: Mona Yacoubian

PUBLICATION TYPE: Analysis and Commentary

After nearly a decade of civil war and strife, Syria’s long-troubled economy is in tatters with spiraling hyperinflation, food shortages, and widespread unemployment. The Syrian pound has less than a fifth of the currency’s value from this time last year. These economic woes have led to new protests in areas long controlled by the regime. Amid this economic turmoil, the U.S. Caesar Syria Civilian Protection Act comes into force today, targeted at key internal and external pillars of support for the Assad regime. USIP’s Mona Yacoubian looks at what led to the economic collapse, how the regime is responding to the protests, and the implications of the new U.S. sanctions.

What does the economic collapse mean for the conflict? What impact has Lebanon’s financial crisis had on Syria’s economy?

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Several dynamics are contributing to Syria's economic implosion. Years of conflict have led to the demise of key sectors of the economy, not to mention massive physical destruction. Most significantly, the financial meltdown in neighboring Lebanon—marked by the plummeting of the Lebanese lira, a severe foreign exchange shortage, and capital controls—has reverberated across the Syrian economy. For years, Lebanon has served as Syria's primary outlet to the outside world, intricately linking the two economies. As such, with Lebanon's economy collapsing, the impact on Syria has been severe. Syria also has suffered from the negative effects of a COVID-related shutdown as well as years of sanctions that have exacted a significant toll on the Syrian economy. The recent imposition of the newly enacted Caesar sanctions (see below) likely will further deepen Syria's economic disarray. Taken together, these trends have brought Syria's economy to the brink:

- The Syrian pound has plunged in value, dropping to an historic low of 3,500 pounds to the dollar on the black market last week following a precipitous decline over the past few months.
- Prior to the recent downturn, more than 80 percent of Syrians lived below the poverty line with the number expected to mount significantly.
- As food prices spiral, 9.3 million Syrians are considered food insecure, with 2 million more at risk, according to the World Food Program.

Despite these dire impacts, the Assad regime still retains a firm grip on power; reports of the regime's imminent demise therefore are premature. Assad and those around him have proven remarkably resilient in the face of such challenges. Instead, this socioeconomic meltdown will heighten the suffering of ordinary Syrians, ushering an era of widespread economic and social dislocation marked by growing impoverishment and hunger, potentially even famine in some pockets of the country.

The economic crisis has led to protests in the regime controlled southwestern area of Sweida. What are protesters demanding and how has the regime responded?

Protests of varying size have been ongoing in the predominantly Druze governorate of Sweida since June 6. The demonstrations initially expressed deep disaffection with deteriorating socioeconomic conditions, but quickly escalated into calls for regime change. The Assad regime has responded to the protests with arrests as well as by unleashing thuggish pro-regime groups—known as “shabiha”—to quell the demonstrations with violence.

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In another classic regime tactic, counter protests have also been organized in response to the demonstrations. While the protests in Sweida continue, their significance should not be overestimated. The demonstrations remain relatively small and do not pose a major threat to the regime. Moreover, Sweida is somewhat unique in Syria's complex political geography. While nominally ruled by the regime, the region has maintained a degree of autonomy not seen in other regime-held areas. For example, the Druze community has been largely exempt from military conscription, a tacit concession by the regime in exchange for the community's support.

The Caesar sanctions—named for the police photographer who defected from Syria and smuggled out more than 50,000 graphic photographs depicting the Assad regime's systematic torture—significantly expand existing sanctions on Syria. The new sanctions target key supporters of the regime as well as critical sectors including military aviation, energy, and construction. Perhaps most significantly, the legislation layers on secondary sanctions that target foreign entities that do business with the Assad regime in these key sectors.

On June 17, the first day the Caesar sanctions went into effect, the State Department formally designated 39 entities in a first tranche of sanctions. The sanctions remain in effect for five years, but can be lifted before if the Assad regime undertakes a series of measures including: abstaining from targeting civilians; releasing all political prisoners; permitting the safe, dignified, and voluntary return of Syrians displaced by the conflict; and taking steps to establish meaningful accountability mechanisms for the perpetrators of war crimes.

Taken together, these latest sanctions add yet another layer to the complex architecture of sanctions targeting Syria. The long-term impact of the sanctions remains to be seen. While the new sanctions represent a significant ratcheting up of pressure on the Assad regime, they are unlikely to compel the regime to change its behavior; nor is it clear that Russia and Iran—the regime's two key allies—will withdraw their support or shift their calculus. The sanctions will have a real dampening effect on any reconstruction efforts, in particular serving as a severe disincentive for Gulf or European companies to engage in rebuilding the country. Humanitarian organizations and others have raised concerns that the new sanctions will deepen the suffering of ordinary Syrians—particularly given the country's precipitous economic decline—without producing any significant benefits. While the new legislation contains humanitarian waivers, the process for obtaining these waivers can be complicated and onerous.



## Commerce Sets Early Duties On Chinese Lawn Mower Engines

The U.S. Department of Commerce announced Tuesday that it will move forward with duties on lawn mower engines from China after a preliminary investigation found that the government has unfairly subsidized the imported machinery.

## USTR Plans To Hold Mexico's Feet To Fire Under Trade Deal

U.S. Trade Representative Robert Lighthizer said Wednesday that the Trump administration will seriously consider new legal challenges against Mexico covering issues like biotechnology approvals and labor rights once a revised North American trade accord takes effect in July.



Statement By U.S. Trade Representative Robert Lighthizer on Section 301 Action

## Trump administration bans flights by Chinese airlines, a move likely to inflame tensions between the U.S. and China

The change, announced by the Transportation Department and beginning June 16, is in response to China's refusal to allow U.S. carriers to resume service to China. The rule, which would affect operations of seven carriers, could take effect sooner at President Trump's discretion.

*Web Notice: The Directorate of Defense Trade Controls (DDTC) is currently in the process of modernizing its IT systems. During this time period, we anticipate there may be delays in response times and time to resolve IT related incidents and requests. We apologize for any inconvenience, and appreciate your patience while we work to improve DDTC services. If you need assistance, please contact the DDTC Service Desk at (202) 663-2838, or email at [DtradeHelpDesk@state.gov](mailto:DtradeHelpDesk@state.gov) (06.28.16)*

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“When you are inspired in your work, everything seems to fall into place.”