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FOR IMMEDIATE RELEASE BUREAU OF INDUSTRY AND SECURITY February 27, 2023 Office of Congressional and Public Affairs - www.bis.doc.gov OCPA@bis.doc.gov

BIS IMPOSES \$2.77 MILLION PENALTY ON 3D PRINTING COMPANY FOR EXPORTS TO CHINA AND GERMANY, INCLUDING AEROSPACE AND MILITARY DESIGN DOCUMENTS

WASHINGTON, D.C. – Today, as part of a settlement agreement, the Bureau of Industry and Security (BIS) issued an order imposing an administrative penalty of \$2,777,750 on 3D Systems Corp. (3D Systems). 3D Systems is also required to retain a third-party consultant and to complete two audits of its export controls compliance program. This settlement resolves the allegations set forth in a Proposed Charging Letter (PCL) regarding 19 violations by 3D Systems of the Export Administration Regulations (EAR) by exporting controlled aerospace technology and metal alloy powder to China without the required license, and by exporting controlled technology to Germany without the required license. The PCL also included allegations related to 3D Systems failing to comply with the EAR's recordkeeping requirements. 3D Systems admitted to committing the alleged conduct set forth in the PCL as part of this agreement. In addition to the BIS penalty, 3D Systems entered into corresponding settlement agreements with the Department of State and the Department of Justice.

"Sending export-controlled blueprints for aerospace and military electronics to China is detrimental to U.S. national security," said Assistant Secretary for Export Enforcement Matthew S. Axelrod. "Today's coordinated enforcement action demonstrates the whole-of-government approach we are taking to help ensure that our country's sensitive technologies do not end up in the wrong hands."

During the time period at issue, 3D Systems provided 3D printing, cast urethane modeling, and injection molding services to customers across the United States and abroad. While 3D Systems maintained its own manufacturing facilities in the United States, it also regularly e-mailed design documents, blueprints, and technical specifications to its then-subsiary's office in China to generate a price quote for the services requested. The e-mails, which included controlled U.S. technology, constitute an export of technology subject to the EAR.

On several occasions, and unbeknownst to the U.S. companies that requested the price quotes, 3D Systems e-mailed controlled design drawings, including those for military electronics as well as those used in the development, production, operation, or repair of spacecraft, to its then-subsiary's office in Guangzhou City, China. 3D Systems also exported controlled design documents to Germany, where 3D Systems maintained a mirrored server to store employee e-mails containing controlled technology. In addition to unlicensed exports via e-mail, 3D Systems also exported metal alloy powder, which is controlled for national security and nuclear nonproliferation reasons, to China without the required BIS license.

NEWSLETTER NOTES

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“Today’s enforcement action highlights a troubling trend of U.S. companies offshoring 3D printing operations and ignoring the export controls on the technical data sent overseas to facilitate the 3D printing,” said OEE Director John Sonderman. “The enforcement action would not have been possible without a defense contractor coming forward when they noticed that a price quotation indicated that the quoted parts were to be manufactured in Asia using controlled technology.”

The PCL contains 19 violations including two counts of engaging in prohibited conduct by exporting EAR-controlled technology to China without the required license, four counts of acting with knowledge of a violation by exporting EAR-controlled technology to China without the required license, four counts of engaging in prohibited conduct by exporting EAR-controlled technology to Germany without the required license, one count of failure to comply with recordkeeping requirements, and eight counts of engaging in prohibited conduct by exporting metal alloy powder subject to the EAR to China without the required license.

The full Order, Settlement Agreement, and Proposed Charging Letter is available online here (link). This case was a joint investigation with the U.S. Department of Defense Office of Inspector General, Defense Criminal Investigative Service, National Aeronautics and Space Administration Office of Inspector General, and Homeland Security Investigations. As referenced above, the Department of State and the Department of Justice have resolved additional allegations.

ADDITIONAL BACKGROUND: BIS actions are taken under the authority of the Export Control Reform Act of 2018 and its implementing regulations, the EAR. BIS controls exports of dual-use commodities, technology, and software for reasons of national security, missile technology, nuclear non-proliferation, chemical and biological non-proliferation, crime control, and regional stability. Criminal and administrative sanctions can be imposed for violations of the EAR. For more information, please visit <https://www.bis.doc.gov/index.php/enforcement>. Report suspected export control violations through the BIS online tip portal. You can also call the Enforcement Hotline at 1-800-424-2980 or email EELead@bis.doc.gov.

U.S. Department of State Concludes \$20,000,000 Settlement of Alleged Export Violations by 3D Systems Corporation 02/27/2023 04:40 PM EST

Office of the Spokesperson

The U.S. Department of State has concluded an administrative settlement with 3D Systems Corporation (3D) of Rock Hill, South Carolina, to resolve alleged violations of the Arms Export Control Act (AECA), 22 U.S.C. § 2751 et seq., and the International Traffic in Arms Regulations (ITAR), 22 C.F.R. Parts 120-130. The Department of State and 3D have reached this settlement following an extensive compliance review by the Office of Defense Trade Controls Compliance in the Department’s Bureau of Political-Military Affairs.

The Department of State and 3D have reached an agreement pursuant to ITAR § 128.11 to address alleged ITAR violations occurring during the period of 2012 – 2018 involving unauthorized exports of technical data to Germany, unauthorized exports and retransfers of technical data to the People’s Republic of China (PRC), a proscribed destination under ITAR § 126.1, unauthorized reexports of technical data to Taiwan, unauthorized exports of technical data to foreign-person employees, and the failure to maintain ITAR records.

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The settlement demonstrates the Department’s role in strengthening U.S. industry by protecting U.S.-origin technical data from unauthorized exports. The settlement also highlights the importance of obtaining appropriate authorization from the Department before exporting ITAR-controlled technical data.

Under the terms of the 36-month Consent Agreement, 3D Systems Corporation will pay a civil penalty of \$20,000,000. The Department has agreed to suspend \$10,000,000 of this amount on the condition that the funds will be used for Department-approved Consent Agreement remedial compliance measures to strengthen 3D’s compliance program. In addition, the Company will engage an external Special Compliance officer for at least the first year of the Consent Agreement and will conduct two external audits of its ITAR compliance program and implement additional compliance measures.

The Company cooperated with the Department’s review and has been undertaking corrective actions to address this historic conduct by expanding the scope of its internal investigation to cover exports of technical data; implementing remedial compliance measures; selling its business unit primarily responsible for ITAR activity; and signing a statute of limitations agreement tolling the statutory period. For these reasons, the Department has determined at this time that it is not appropriate to administratively debar 3D Systems Corporation.

The Consent Agreement and related documents will be available for public inspection in the Public Reading Room of the Department of State and on the Penalties and Oversight Agreements section of the Directorate of Defense Trade Controls’ website.

For additional information, please contact the Bureau of Political-Military Affairs’ Office of Congressional and Public Affairs at pm-cpa@state.gov.

Yellen affirms push for stronger Russia sanctions at G-20

BENGALURU, India (AP) — The U.S. wants to see tougher and more effectively enforced sanctions against Russia and additional support for Ukraine, Treasury Secretary Janet Yellen said Thursday during meetings of the Group of 20 leading economies in the Indian technology hub of Bengaluru.

Speaking on the eve of the one-year anniversary of Russia’s invasion of Ukraine, Yellen said sanctions against Moscow were working but more needed to be done to hobble the Russian war effort while supporting Ukraine.

“We are seeking to strengthen sanctions and make sure that we address violations of sanctions,” she said, noting that the Russians were seeking alternative ways to “backfill” parts and equipment to replace and repair weapons damaged in the war.

“We have deprived them of many channels they can obtain material that is critical for their defense efforts,” Yellen told reporters. “That is a particular focus we have in mind in respect to enforcement of existing sanctions and perhaps with respect to further sanctions.”

https://www.bostonglobe.com/2023/02/23/business/yellen-affirms-push-stronger-russia-sanctions-g-20/?rss_id=section_rss_full&s_campaign=bg:full:rss:section&et rid=1876204030&s_campaign=business headlines:newsletter

FOR IMMEDIATE RELEASE

February 17, 2023

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COMMERCE ANNOUNCES EXPEDITED LICENSING FOR EXPORTS TO ASSIST IN EARTHQUAKE RELIEF

Commerce will expedite aid to NGOs and the Turkish and Syrian people

Washington, D.C. -- In response to the devastating earthquake on February 6, 2023, that has heavily impacted Türkiye and Syria, the Department of Commerce’s Bureau of Industry and Security (BIS) has expedited the processing of export license applications for items needed to aid survivors.

“Our deepest condolences go out to the people of Türkiye and Syria for the tragic loss of life that occurred as a result of the recent earthquake. We seek to ensure that survivors receive desperately needed aid without delay,” said Deputy Secretary of Commerce Don Graves. “We are expediting export license application processing to ensure that items to meet the immediate needs of survivors quickly reach all parts of Syria through non-governmental organizations (NGOs) or directly to the Syrian people.”

“Despite substantial and necessary export controls on the Assad Regime, the United States will work to support the legitimate humanitarian needs of Syria’s impacted communities,” said Under Secretary of Commerce for Industry and Security Alan Estevez. “We will work closely with our interagency partners to implement a rapid review of license applications to aid in relief efforts and recovery from this devastating disaster.”

Additional Information:

Türkiye and Syria are subject to different licensing requirements under the Export Administration Regulations (EAR).

As a member along with the United States of all four multilateral export control regimes and a NATO ally, most items needed to aid the Turkish people do not require an export license, but BIS will expedite any necessary license applications it receives.

Syria is subject to comprehensive export controls as part of a broad U.S. government sanctions program. All items, except for most food and medicine require a license for export and reexport to Syria.

These export and reexport license requirements should not prevent or otherwise impede the shipment of aid and recovery-related items intended directly for the Syrian people or through nongovernmental humanitarian organizations (NGOs) in-country, including in areas under the control of the Assad regime and non-state actors.

Examples of items eligible for expedited licensing include heavy equipment, telecommunications hardware and software, portable generators and other power generation equipment, medical devices, water purification and sanitation equipment and shelter materials.

Persons with questions about whether an item requires a license, or otherwise seeking assistance with submitting license applications, should contact the BIS Foreign Policy Division at: Foreign.Policy@bis.doc.gov or (202) 482-4252.

Crimes Against Humanity in Ukraine
PRESS STATEMENT

ANTONY J. BLINKEN, SECRETARY OF STATE

FEBRUARY 18, 2023

Based on a careful analysis of the law and available facts, I have determined that members of Russia’s forces and other Russian officials have committed crimes against humanity in Ukraine. Members of Russia’s forces have committed execution-style killings of Ukrainian men, women, and children; torture of civilians in detention through beatings, electrocution, and mock executions; rape; and, alongside other Russian officials, have deported hundreds of thousands of Ukrainian civilians to Russia, including children who have been forcibly separated from their families. These acts are not random or spontaneous; they are part of the Kremlin’s widespread and systematic attack against Ukraine’s civilian population.

We reserve crimes against humanity determinations for the most egregious crimes. Today’s determination underlines staggering extent of the human suffering inflicted by Moscow on the Ukrainian civilian population. This determination also reflects the deep commitment of the United States to holding members of Russia’s forces and other Russian officials accountable for their atrocities against the people of Ukraine.

There can be no impunity for these crimes. All those responsible must be held accountable. As today’s determination shows, the United States will pursue justice for the people of Ukraine for as long as it takes.

U.S. Department of State Concludes \$20,000,000 Settlement of Alleged Export Violations by 3D Systems Corporation
MEDIA NOTE

OFFICE OF THE SPOKESPERSON

FEBRUARY 27, 2023

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FOR IMMEDIATE RELEASE
February 10, 2023
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BUREAU OF INDUSTRY AND SECURITY
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BIS IMPOSES \$2.77 MILLION PENALTY ON 3D PRINTING COMPANY FOR EXPORTS TO CHINA AND GERMANY, INCLUDING AEROSPACE AND MILITARY DESIGN DOCUMENTS

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"Sending export-controlled blueprints for aerospace and military electronics to China is detrimental to U.S. national security," said Assistant Secretary for Export Enforcement Matthew S. Axelrod. "Today's coordinated enforcement action demonstrates the whole-of-government approach we are taking to help ensure that our country's sensitive technologies do not end up in the wrong hands."

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The full Order, Settlement Agreement, and Proposed Charging Letter is available online here ([link](#)). This case was a joint investigation with the U.S. Department of Defense Office of Inspector General, Defense Criminal Investigative Service, National Aeronautics and Space Administration Office of Inspector General, and Homeland Security Investigations. As referenced above, the Department of State and the Department of Justice have resolved additional allegations.

ADDITIONAL BACKGROUND: BIS actions are taken under the authority of the Export Control Reform Act of 2018 and its implementing regulations, the EAR. BIS controls exports of dual-use commodities, technology, and software for reasons of national security, missile technology, nuclear non-proliferation, chemical and biological non-proliferation, crime control, and regional stability. Criminal and administrative sanctions can be imposed for violations of the EAR. For more information, please visit <https://www.bis.doc.gov/index.php/enforcement>.

Report suspected export control violations through the BIS online tip portal. You can also call the Enforcement Hotline at 1-800-424-2980 or email EELead@bis.doc.gov.

NEW SANCTIONS ON RUSSIA 1 YEAR ANNIVERSARY OF INVASION

To further degrade Putin's ability to wage war, the Department of the Treasury is imposing sanctions on financial institutions—including additional banks—propping up Russia's economy, dozens of Russian defense entities, and dozens of third-country actors connected to sanctions evasion activities. Furthermore, to increase pressure on Russia's war machine, Treasury is also identifying the metals and mining sector of Russia's economy as exposed to sanctions and designating four entities for operating or having operated in the metals and mining sector.

As part of today's efforts to increase costs on President Putin, President Biden announced additional tariff increases on a variety of goods from Russia. The President raised tariffs on most metal, and metal products, to 70 percent, further targeting this crucial sector of Russia's economy. The President also increased tariffs on additional Russian products to 35 percent. These measures are designed to target key Russian commodities generating revenue for the Kremlin while reducing U.S. reliance on Russia.

The Department of Commerce has issued four rules today imposing additional export restrictions on Russia, Belarus, and Iran, as well as entities in third countries, in response to Russia's ongoing assault on Ukraine. The first rule aims to enhance the effectiveness of the multilateral sanctions on Russia by further limiting access to items that enable Russia's military capabilities and sources of revenue that could support those capabilities. The second rule imposes new export control measures on Iran, Russia, and Belarus to address Russia's use of Iranian UAVs in its ongoing war against Ukraine. The third and fourth rules add to the Entity List entities in Russia supporting Russia's military or Russia's filtration operations in occupied areas of Ukraine, as well as entities in third countries, including China, for contributing to Russia's military or defense industrial base.

Finally, the Department of State is announcing steps to impose visa restrictions on 1,219 members of the Russian military, including officers, for actions that threaten or violate the sovereignty, territorial integrity, or political independence of Ukraine. This effort is pursuant to a policy under Section 212(a)(3)(C) of the Immigration and Nationality Act, which restricts visa issuance to those who are believed to have supported, been actively complicit in, or been responsible for ordering or otherwise directing or authorizing these actions.

Russian military officials Artyom Igorevich Gorodilov, Aleksey Sergeevich Bulgakov, and Aleksandr Aleksandrovich Vasilyev are being designated under Section 7031(c) for their involvement in gross violations of human rights perpetrated against Ukrainian civilians and prisoners of wars. Under this authority, Gorodilov, Bulgakov, and Vasilyev, and their immediate family members, are ineligible for entry into the United States.

The United States continues to rally the world to support Ukraine. Our actions today are made even more powerful because we are taking them in coordination with G7 partners, demonstrating our ongoing unity in working to ensure Russia bears costs for its brutal war. Ukraine is a symbol of freedom for us all. The United States will continue to stand with Ukraine for as long as takes.

VISA RESTRICTIONS

The Department is announcing steps to impose visa restrictions on 1,219 members of Russia's military for actions that threaten or violate the sovereignty, territorial integrity, or political independence of Ukraine pursuant to Section 212(a)(3)(C) of the Immigration and Nationality Act.

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The Department is also designating Russian Federation military officials, Artyom Igorevich Gorodilov, Aleksey Sergeevich Bulgakov, and Aleksandr Aleksandrovich Vasilyev, under Section 7031(c) of the Department of State, Foreign Operations, and Related Programs Appropriations Act, 2023. Gorodilov is designated for his involvement in gross violations of human rights, namely extrajudicial killings. Bulgakov and Vasilyev are designated for their involvement in gross violations of human rights, namely torture and/or cruel, inhuman, or degrading treatment or punishment. Under this authority, Gorodilov, Bulgakov, and Vasilyev, and their immediate family members, are ineligible for entry into the United States.

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 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.

For more information on E.O. 14024, see full text here.

<https://home.treasury.gov/system/files/126/14024.pdf>

FOR IMMEDIATE RELEASE

February 24, 2023

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BUREAU OF INDUSTRY AND SECURITY
Office of Congressional and Public Affairs
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Commerce Imposes Additional Export Restrictions in Response to Russia's Brutal War on Ukraine

Restrictions Announced Today Coordinated Closely with International Partners and Demonstrate Steadfast Commitment to Ukraine

WASHINGTON, D.C. – Today, the Commerce Department's Bureau of Industry and Security (BIS) released four rules developed in concert with international allies and partners in response to Russia's unjust, illegal war on Ukraine. The rules released today, on the one-year mark of Russia's further invasion, demonstrate the Biden Administration's steadfast commitment to supporting the Ukrainian people by continuing efforts to cut off the Russian defense industrial base and military from even low-technology consumer goods Russia seeks to obtain to sustain the war effort. Today's actions also demonstrate our determination to continue to target third countries supporting Russia's war, including those in Iran and China, among others.

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"Thanks to President Biden's leadership and the collective efforts of the Global Export Control Coalition, we have further degraded Russia's military capabilities by denying access to many components used for aircraft and tanks, as well as semiconductors and other items needed for advanced military applications," said U.S. Deputy Secretary of Commerce Don Graves. "All year, Russian leaders from Putin down have expressed concerns about the impact of our efforts on their war. But our efforts in support of Ukraine are far from done. As this illegal and unjustified war drags into a second year, Russia is desperately seeking support from wherever it can get it, including pariah states like North Korea and Iran. We must remain resolute in our support for Ukraine, coordinated with our partners, and vigilant in identifying and stopping Russia's efforts to evade our controls."

"As our export controls continue to bite, Putin and his cronies will become more desperate in seeking the means to sustain this illegal war," said Under Secretary of Commerce for Industry and Security Alan Estevez. "Today's package of rules shows that our commitment—and that of our allies—is not wavering, and that we will meet whatever Russia, Belarus, Iran, private firms, such as those from China, or anyone globally who seeks to support them can muster with strong, coordinated action."

"It has been a year of horror, but the resolve of the Ukrainian people has been an inspiration to everyone who believes in freedom, democratic principles, and the rule of law," said Assistant Secretary of Commerce for Export Administration Thea D. Rozman Kendler. "In addition to building and sustaining our Global Export Control Coalition (GECC) to deny the Russian military the materials to continue its brutal war, the Bureau of Industry and Security has also worked overtime to help facilitate the generosity of the American people to support Ukraine's defense by expediting approvals of over \$1 billion worth of items."

"Putin's illegal, brutal war on Ukraine is also an assault on the ideals that should be the bedrock of our international system: territorial sovereignty, adherence to the rule of law, and dialogue to resolve differences," said Assistant Secretary of Commerce for Export Enforcement Matthew S. Axelrod. "The past year has painfully demonstrated that we need to remain constantly vigilant in protecting those ideals and defending our values. In the coming year, Export Enforcement will continue to work with our allies and partners, both internationally and domestically, to enforce our export control laws and bring violators to justice."

RULE SUMMARIES AND TEXT

The brief summaries and links to the text of the rules released on the Federal Register's website are below. The effective date for all of today's rules is February 24, 2023.

"Implementation of Additional Sanctions Against Russia and Belarus Under the Export Administration Regulations (EAR) and Refinements to Existing Controls"

Rule Summary:

This rule revises the EAR to enhance the existing sanctions against Russia and Belarus by expanding the scope of the Russian and Belarusian industry sector restrictions (oil and gas production; commercial and industrial items; chemical and biological precursors) and the 'luxury goods' sanctions to better align them with the controls that have been implemented by U.S. allies and partners imposing substantially similar controls on Russia and Belarus.

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This rule also refines other existing controls on Russia and Belarus that were imposed in response to the February 2022 invasion.

This rule will enhance the effectiveness of the multilateral sanctions on Russia by further limiting access to items that enable Russia's military capabilities and sources of revenue that could support those capabilities.

Rule Text Available here: <https://www.federalregister.gov/public-inspection/2023-03927/implementation-of-additional-sanctions-against-russia-and-belarus-under-the-export-administration>

"Export Control Measures on Iran Under the Export Administration Regulations (EAR) to Address Iranian Unmanned Aerial Vehicles (UAV) and Their Use by Russia Against Ukraine"

Rule Summary:

Recent investigations indicate that pieces of Iranian UAVs have been found on the battlefield in Ukraine, in some cases with U.S.-branded "parts" and "components." Today's rule imposes new export control measures on Iran in order to address the use of Iranian UAVs by Russia in its ongoing war against Ukraine by:

Imposing license requirements for a subset of generally low-technology ("EAR99") items, including semiconductors that are destined for Iran, regardless of whether a U.S. person is involved in the transaction.

- Establishes a new list (Supplement No. 7 to part 746) identifying these EAR99 items by HTS-6 Code to allow BIS and other U.S. government agencies to track and quantify these exports.
- Creates a new "Iran Foreign Direct Product (FDP) Rule" specific to Iran for items in certain categories of the Commerce Control List and EAR99 items identified in the new supplement.
- Revises the existing Russia/Belarus FDP rule to cover EAR99 items that have been found in UAVs contain parts and components branded U.S. or U.S.-origin (although they may not actually be U.S. branded or U.S.-origin) which will help to ensure that U.S. products are not available for shipment to Iran for use in the manufacture of UAVs being used by Russia in Ukraine.

These controls are in addition to BIS's action on January 31, 2023, which added seven Iranian entities involved in the manufacture of UAVs to the Entity List as Russian 'Military End Users,' thereby subjecting them to some of the most comprehensive export restrictions under the EAR, including on foreign-produced items under the Russia/Belarus Military End User FDP rule.

Rule Text Available here: <https://www.federalregister.gov/public-inspection/2023-03930/export-control-measures-under-the-export-administration-regulations-to-address-iranian-unmanned>

Entity List Additions

Through two separate actions, the Department of Commerce is adding 86 entities under 89 entries (due to some entities operating in multiple countries) to the Entity List for a variety of reasons related to their activities in support of Russia's defense-industrial sector and war effort. Seventy-nine of the entities are added under the country heading of Russia, five are listed under the country heading of China, two are based in Canada, and France, Luxembourg, and the Netherlands each have one entry. Several of the entities in these countries are subsidiaries of entities based in China and Russia. This rule also revises four existing entities under the destination of Russia.

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BIS notes that these rules are meant to serve as a response to Russian aggression against Ukraine. BIS is adding entities in several allied and partnered countries, but this is not an action against the countries in which the entities are located or registered or the governments of those countries. The restrictions imposed in today's rule serves as an action against those entities listed, which have assisted the Russian military, contrary to U.S. foreign and national security policy interests.

Seventy-six of the entities (under seventy-nine entries) added in today's rules are also being designated as "Russian/Belarusian Military End Users," which imposes some of the Department's most severe export restrictions on these entities, effectively cutting them off from obtaining items subject to the EAR, including certain foreign-produced items.

Entity List additions are determined by the interagency End-User Review Committee (ERC), comprised of the Departments of Commerce (Chair), Defense, State, Energy, and where appropriate, the Treasury. The ERC makes decisions regarding additions to, removals from, or other modifications to the Entity List.

Rule text available here: <https://www.federalregister.gov/public-inspection/2023-04099/additions-of-entities-to-the-entity-list-revisions-of-entities-on-the-entity-list> and here: <https://www.federalregister.gov/public-inspection/2023-03929/additions-of-entities-to-the-entity-list>

Additional Background:

In the past year, BIS has taken numerous regulatory and enforcement actions in coordination with our international allies and partners, as well as our interagency colleagues, to apply stringent export controls intended to degrade Russia's defense industrial base and ability to sustain its war machine, as well as to facilitate additional support for Ukraine's resistance.

Additional information on these actions is available on BIS's Russia-Belarus Resources page at: <https://www.bis.doc.gov/index.php/policy-guidance/country-guidance/russia-belarus>.

These BIS actions were taken under the authority of the Export Control Reform Act of 2018 (ECRA) and the Export Administration Regulations (EAR). Additional resources on export controls implemented by BIS in response to Russia's further invasion of Ukraine are available at: <https://bis.doc.gov/index.php/policy-guidance/country-guidance/Russia-belarus>.

For more information, visit <http://www.bis.doc.gov>.

**FOR IMMEDIATE RELEASE
February 24, 2023
BUREAU OF INDUSTRY AND SECURITY**

BIS TAKES ACTION AGAINST RUSSIAN NATIONAL AND RELATED COMPANY FOR SENDING CONTROLLED COUNTERINTELLIGENCE ITEMS TO RUSSIA AND NORTH KOREA

WASHINGTON, D.C. – Today, Matthew S. Axelrod, Assistant Secretary for Export Enforcement at the U.S. Commerce Department's Bureau of Industry and Security (BIS), issued a Temporary Denial Order (TDO) suspending the export privileges of Russian company Radiotester OOO a/k/a Radiotester LLC, as well as Russian individual Ilya Balakaev, for the unauthorized export of controlled counterintelligence items to Russia and North Korea. The TDO is available online here.

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In a related action, the U.S. Department of Justice unsealed a five count indictment in the Eastern District of New York charging Balakaev for smuggling devices commonly used in foreign counterintelligence and military operations out of the U.S. to Russia for the benefit of the Federal Security Service of the Russian Federation (FSB) and Democratic People's Republic of Korea ("DPRK" or "North Korea") in violation of U.S. export control laws.

"Illegal export schemes enabling sensitive foreign counterintelligence and military operations in Russia and North Korea directly harm U.S. national security and that of our allies," said Assistant Secretary of Commerce for Export Enforcement Matthew S. Axelrod. "Those who would evade our expansive Russia controls, or our comprehensive restrictions against North Korea, are on notice – we will work tirelessly to find you and bring you to justice."

"The Office of Export Enforcement will continue to leverage our unique authorities and global reach to target and prosecute those who violate U.S. export control laws," said Director of the Office of Export Enforcement John Sonderman. "Illegal procurement in support of hostile intelligence services poses a threat to our national security and the privacy and security of all Americans. We will continue to work with our law enforcement colleagues in the U.S. and overseas to disrupt and prosecute any individuals who seek to jeopardize national security."

TDOs are some of the most significant civil sanctions BIS can issue, cutting off not only the right to export items subject to the Export Administration Regulations (EAR) from the U.S., but also to receive or participate in exports from the United States or reexports of items subject to the EAR. The Assistant Secretary's order denies all of the export privileges described in part 764 of the EAR, which include (but are not limited to) applying for, obtaining, or using any license, license exception, or export control document, or engaging in or benefitting from such transactions, in order to prevent imminent violations of the EAR. The order was issued for a renewable 180-day period and cuts off not only the individual's and company's ability to export from the United States, but also their ability to receive or participate in exports from the United States.

As described in the TDO and alleged in the indictment, since at least January 2017, Ilya Balakaev and others conspired to export electronic devices subject to the EAR to Russia. The TDO alleges that on multiple occasions, Ilya Balakaev unlawfully purchased sensitive electronic devices subject to the EAR, including spectrum analyzers, signal generators, and gas detection equipment. Balakaev used the spectrum analyzer and signal generator devices that he purchased in the United States to repair equipment for the FSB, and sold the gas detection equipment to North Korea, in violation of United States law.

The devices Balakaev purchased, repaired, and sold to the FSB and North Korea are items commonly used as part of sensitive foreign counterintelligence and military operations, including to scan a room to determine if it was bugged, to transmit encrypted communications, and to detect hazardous gases. In furtherance of the scheme, Balakaev used a network of individuals consisting of an individual in the United States and two Russian government officials from the FSB.

This investigation was conducted by the BIS Office of Export Enforcement's New York Field Office jointly with the Federal Bureau of Investigation, Homeland Security Investigations, and U.S. Customs and Border Protection. Authorities and Export Enforcement Contact:

*(*Continued On The Following Page)*

These BIS actions were taken under the authority of the Export Control Reform Act of 2018 and its implementing regulations, the EAR.

BIS controls exports, reexports, and in-country transfers of dual-use commodities, technology and software for reasons of national security, missile technology, nuclear non-proliferation, chemical and biological non- proliferation, crime control and regional stability. Criminal and administrative sanctions can be imposed for violations of the EAR. For more information, please visit: <https://www.bis.doc.gov/index.php/enforcement>. Report suspected export control violations through the BIS online tip portal. You can also call the Enforcement Hotline at 1-800-424-2980 or email EELead@bis.doc.gov.

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.

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