



EIB World Trade Headlines

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IMPORTANT UPDATE ON LIST 3 TARIFF INCREASE IMPLEMENTATION

May 9, 2019

The Federal Register Notice announcing the increase in the Section 301 List 3 tariffs was published today. As expected, the tariff will increase to 25% effective May 10.

However, there is one significant difference with the implementation of these increased tariffs. According to the Federal Register Notice, the duties will be assessed on goods that are imported on or after May 10 and exported to the U.S. on or after May 10.

Thus, for goods that are on the water currently, there will be a reprieve from the tariffs, according to the language in this notice.

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However, it appears that CBP may have updated its system to reflect the implementation date of May 10 based on time of entry as was done with the previous implementations for List 1, List 2 and List 3 at 10%.

I would expect some official guidance or notification by CBP on this today or tomorrow as there will be quite a bit of confusion among the trade community.

In addition, the Notice states that there will be an exclusion process for items on List 3. This is something that many importers have been waiting for. According to the Notice, there will be official announcement shortly providing details. Thus, for importers who have been waiting for an exclusion process, now is the time to begin preparing for your submission.

If you have any questions or concerns, or would like to discuss the exclusion process or any other potential duty savings options, please contact me at your convenience.



Customs Lawyer

Paula M. Connelly is a principal in the Law Offices of Paula M. Connelly, a law firm specializing in Customs and international trade matters.

Trump administration accuses Chinese officials of ‘reneging’ on earlier commitments in trade talks, reaffirms plan to raise tariffs

The latest skirmish between the economic powerhouses began last week when Chinese officials made new demands in ongoing trade talks, two U.S. officials familiar with the matter said. Those requests infuriated the president, who announced the new tariffs on Sunday.

Amid harsh rhetoric aimed at their counterparts, administration officials reaffirmed their plan to raise tariffs on a wide range of Chinese goods on Friday at 12:01 a.m

DECCS Industry Portal Enrollment

Welcome to the Directorate of Defense Trade Controls (DDTC) new online system, the Defense Export Control and Compliance System (DECCS). DECCS will replace DETRA, DTRADE, EFS, ELLIE, and MARY, providing users access to a number of DDTC business applications through a single, cloud-based portal. Currently, the Advisory Opinions application is live in the DECCS Portal. Over the coming months, additional applications will include Commodity Jurisdictions, Disclosures, Registration, and Licensing.

To access the applications within DECCS, please create a User Account by selecting the Enroll button below. If you have already completed the enrollment process, please select the Login (External) button to access your account and all DECCS applications that are currently live.

For additional guidance on creating a DECCS account, please view the DECCS User Enrollment Instructions video located on this page. If further assistance is required, please contact the Help Desk at (202) 663-2838 or DTrade@state.gov.

US SEIZES N. KOREAN SHIP in SANCTIONS VIOLATION

WASHINGTON (AP) — The U.S. said Thursday that it has seized a North Korean cargo ship that was used to violate international sanctions, a first-of-its kind enforcement action that comes amid a tense moment in relations between the two countries.

The “Wise Honest,” North Korea’s second largest cargo ship, was detained in April 2018 as it traveled toward Indonesia. It’s now in the process of being moved to American Samoa, Justice Department officials said.

Officials made the announcement hours after North Korea fired two suspected short-range missiles toward the sea, the second weapons launch in five days and a possible signal that stalled talks over its nuclear weapons program are in trouble. The public disclosure that the vessel is now in U.S. custody may further inflame tensions, though U.S. officials said the timing of their complaint was not a response to the missile launch.

Justice Department lawyers laid out the case for confiscating the ship in a complaint filed in New York, arguing that payments for maintenance and operation of the vessel were channeled through unwitting U.S. financial institutions in violation of American law. The coal trade itself is also believed to fund the isolated country’s nuclear weapons and ballistic missile programs.

“This sanctions-busting ship is now out of service,” Assistant Attorney General John Demers, the Justice Department’s top national security official, told reporters. He later added: “The U.S. sanctions against North Korea reflect the threat these programs pose to U.S. national security.”

The 581-foot (177 meters) Wise Honest was used for coal transports to ports abroad, according to the complaint, generating badly needed revenue to a country that is under U.N. sanctions because of its nuclear weapons program. The ship also delivered heavy machinery back to North Korea.

The vessel was owned by a subsidiary of a North Korean shipping company that is controlled by the country’s military and is on a Treasury Department sanctions list, officials said.

North Korea sought to disguise the nationality of the ship and the origin of its cargo, according to the complaint. The ship, in what U.S. officials say was a clear act of concealment, also turned off an automatic signal system intended to alert other ships of its course and location.

The ship had not broadcast a signal since August 2017 despite having made at least one voyage since then, according to the complaint.

Indonesian authorities intercepted and seized the Wise Honest in the East China Sea a month after it was photographed at the port of Nampo, North Korea, where it took on a load of coal. The captain of the ship was charged in Indonesia with violating that country’s maritime laws

The U.S. has prosecuted people and businesses for violating sanctions but has never before seized a North Korean ship. The country will have an opportunity to contest the seizure in court. If the U.S. prevails, it will be able to sell the vessel.

“When nations who have stated an intent to do harm to the United States evade international sanctions, Americans become less safe,” said Geoffrey Berman, the United States attorney for the Southern District of New York.

Asked whether North Korea’s largest merchant ship was similarly involved in illegal coal exports, Demers said that he did not know, but added, “If it is, we’d love to get our hands on it.”

President Donald Trump and North Korean leader Kim Jong Un have held two summits focused on the North’s nuclear program but have made no discernible progress toward a deal that would eliminate its weapons. At the White House on Thursday, Trump said the U.S. was looking “very seriously right now” at North Korea’s recent military tests.

“Nobody’s happy about it.”



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Google Spinoff's Drone Delivery Business First to Get FAA Approval

By
Alan Levin
April 23, 2019, 9:00 AM EDT

An offshoot of Alphabet Inc.'s Google has become the first drone operator to receive government approval as an airline, an important step that gives it the legal authority to begin dropping products to actual customers.

The subsidiary, Wing Aviation LLC, now has the same certifications that smaller airlines receive from the U.S. Federal Aviation Administration and the Department of Transportation. It plans to begin routine deliveries of small consumer items in two rural communities in Virginia within months, the company said.

"It's an exciting moment for us to have earned the FAA's approval to actually run a business with our technology," Wing Chief Executive Officer James Ryan Burgess said in an interview. He called it "pivotal" both for his company and the drone industry in general.

Drone regulations still don't permit most flights over crowds and urban areas, limiting where Wing can operate. But the approvals signed by the FAA on Friday and Monday give the company the ability to charge for deliveries of clients' goods in Virginia and apply for permission to expand to other regions.

While scores of companies working in test programs have gotten FAA waivers to perform demonstration flights or to make deliveries over short distances, there has never been a drone company approved under the regulations designed to ensure safety at traditional charter airlines or smaller air-cargo haulers.

Earlier: Burrito-by-Drone Coming to Campus in Test of Alphabet's Delivery

It required Wing to create extensive manuals, training routines and a safety hierarchy -- just as any air carrier must do.

Companies receiving permission must also be majority owned by U.S. citizens under long-standing restrictions imposed by the DOT.

The plan has received unanimous approval from local elected officials in mountainous southwest Virginia, according to Montgomery County Administrator Craig Meadows.

"Our community is very excited to be the birthplace of drone delivery in the United States," Meadows said in a statement.

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Because the idea of drones flying over people's homes is so new, the company plans to conduct extensive outreach to local government leaders and the public, Burgess added. Actual deliveries are expected to start within several months.

Wing has had to deal with concerns over noise and privacy issues in previous tests. The delivery drone uses video to help it navigate, but the company says that the images aren't archived and can't be used except for technical analysis.

Mark Blanks, director of the Virginia Tech Mid-Atlantic Aviation Partnership, which has been working with Wing on tests of the deliveries, said "we'll be working with the community a lot more as we prepare to roll this out."

The people living in the neighborhoods where tests were conducted ranged from academics at the university to farm hands, Blanks said. Wing and university representatives have contacted many of them to ensure they were comfortable.

"Across the board everybody we've spoken to has been pretty excited," he said.

Wing provided extensive documentation to support its application, including records of thousands of safe flights conducted in Australia in recent years, according to the FAA.

"This is an important step forward for the safe testing and integration of drones into our economy," Transportation Secretary Elaine Chao said in the release.

Some drone companies have complained that the process of obtaining air-carrier certification was too onerous. Many of the requirements that made sense for a charter airline -- like flight attendants and seat belts for the crew -- didn't apply to them.

Burgess said that the process of applying to the FAA took months and was "very rigorous and very thorough."

Earlier: FedEx, Alphabet and Uber Win Drone Sweepstakes Lost by Amazon

Other drone companies applying for FAA approvals should be able to move more quickly now that the agency and Wing have worked through the issues of what rules should apply to drone operators and which ones should not, Burgess said.

The FAA's air-carrier certification was needed because existing rules created strictly for drones don't allow the kind of flights Wing envisioned, he said.

According to regulations issued in 2016, for example, drone operators are allowed to fly for hire, but have to do so within strict rules prohibiting flights outside of a ground operator's eyesight.

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IMPORTANT CHINA TARIFF UPDATES

May 6, 2019 sp;

President Trump announced yesterday that effective Friday, May 10, the tariffs for products covered by List 3 of the Section 301 program will increase from 10% to 25%. This is a result of what appears to be stalled negotiation talks with China, although it appears that the Chinese delegation will come to Washington for continued talks this week.

In addition, he has threatened to impose the 25% tariffs on all products from China.

As many may recall, these duties were to be implemented in March. However, President Trump issued an executive order stating that implementation was delayed until further notice. The two countries have been working on a trade agreement to address China's unfair trade practices.

Additionally, last Friday US Trade Representative Lighthizer announced that his office is in the process of establishing an exclusion process for goods on List 3. According to his statement, the office hopes to have the process in place by the end of May.

It appears at this time the process will be allowed for the products whether or not the tariffs increase to 25%.

Given the current situation, companies should begin to look at potential options for avoiding or reducing the increased tariff. I will provide an overview of options below.

1. Tariff Classification – although many companies have reviewed this with the previous two lists, verifying the classification should still be considered as a potential option.
2. Country of origin – companies should look closely at the supply chain. It may be time to consider sourcing products elsewhere. However, careful consideration should be given to making moves to a third country, particularly if your China supplier is involved and/or there would be China content included in the product. Companies need to ensure that the product is being substantially transformed in the third party country.

Similarly, the FAA has allowed automated flights over longer distances, but they are only demonstrations and companies can't accept payment. In order for Wing to operate over longer ranges and actually charge for the service, it needed to become a full-fledged air carrier. The FAA confirmed the air-carrier certification was signed, but didn't offer additional comment.

Drones Swarm Skies, Towing Security, Privacy Issues: QuickTake

Wing plans to begin deliveries in the Blacksburg and Christiansburg areas of Virginia. The company has been conducting research at nearby Virginia Tech.

Unlike [Amazon.com](https://www.amazon.com) Inc.'s Prime Air, another would-be drone delivery company, Wing will sell items from local merchants. Now that it has gotten FAA approvals, it will begin finding business partners in the two towns, Burgess said.

Wing's drone, a hybrid between a helicopter and plane, is able to lift off vertically and fly horizontally at high speeds. It carries packages in its belly, lowering them to people's yards with a tether while it hovers a safe distance overhead.

The company also recently won approval for drone deliveries from regulators in Australia, where it has conducted extensive testing. The FAA's approval demonstrates the rapid maturation of drone technology, Burgess said.

"It shows these devices can be value-added in our communities," he said. "They can be a faster, cleaner, less expensive way to transport things while still adding to the safety of society." To local residents, it offers a chance to improve the area economy and to be the birthplace of a potentially seismic technology shift, said Chris Tuck, a member of the Montgomery County Board of Supervisors.

"To me, this is like the Wright Brothers," Tuck said. "Now it's happening in a place where I was born and raised and where my family has lived for 200 years."



*A Wing drone delivers a package at a home during a demonstration in Blacksburg, Virginia.
Photographer: Charles Mostoller/Bloomberg*

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1. Use of Chapter 98 provisions, duty drawback, bonded warehouses and Foreign Trade Zones also provide options in certain situations, particularly if products will be later exported from the U.S.
2. Value strategies – companies can consider legitimate means of lowering the transaction value. Options include potential discounts, and use of the “first sale” rule if there is a multi-tiered transaction involving a middleman.
3. Exclusion Requests – Exclusion requests may be granted when a company can substantiate to the government that the product in question cannot be sourced in the U.S. or third party countries, there would be severe economic hardship to the requester or other U.S. interests and that the product is not part of the “Made in China 2025” or other industrial programs.

Companies should be preparing for implementation of these tariffs in the near future. It appears that talks between the two countries scheduled will continue .

From the Law office of Paula Connelly

Pentagon says China's military using espionage to steal secrets

Updated 2:48 AM EDT May 3, 2019

China is continuing to modernize its armed forces in order to transform its military into a major global power and using espionage to steal cutting edge technology for military purposes, according to a newly released Pentagon report on China's military.

"China uses a variety of methods to acquire foreign military and dual-use technologies, including targeted foreign direct investment, cyber theft, and exploitation of private Chinese nationals' access to these technologies, as well as harnessing its intelligence services, computer intrusions, and other illicit approaches," the Congressionally mandated Department of Defense report said.

"China obtains foreign technology through imports, foreign direct investment, the establishment of foreign research and development (R&D) centers, joint ventures, research and academic partnerships, talent recruitment, and industrial and cyberespionage," the report added.

The Chairman of the Joint Chiefs of Staff, Gen. Joseph Dunford, recently warned Congress that US companies that did business in China were often indirectly benefiting the Chinese military, citing Google as an example.

The report said that China had used these techniques to acquire sensitive, dual-use, or military-grade equipment from the United States, including aviation and antisubmarine warfare technologies.

Beijing is also exploiting its citizens and foreigners of Chinese descent living abroad to further the aims of the Chinese Communist Party the report says, saying that a "cornerstone of China's strategy includes appealing to overseas Chinese citizens or ethnic Chinese citizens of other countries to advance CCP objectives through soft power or, sometimes, coercion and blackmail."

Beijing developing advanced weaponry

Some of the more advanced technology China is developing includes hypersonic missiles, weapons that travel at least five-times the speed of sound.

"China has tested hypersonic glide vehicles. In August 2018, China successfully tested the XINGKONG-2 (Starry Sky-2), which it publicly described as a hypersonic waverider vehicle," the report says, referencing a missile that can travel close to the water to avoid detection and missile defense.

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The report also details the growth in China's defense budget and its military capabilities, saying "China's defense budget has nearly doubled during the past 10 years."

Much of that money is being spent on beefing up the Chinese navy, with the report saying that China commands "the region's largest navy, with more than 300 surface combatants, submarines, amphibious ships, patrol craft, and specialized types."

The report calls the Chinese navy an "increasingly modern and flexible force," saying that the "modernization of China's submarine force remains a high priority."

It says China's total submarine force "will likely grow to between 65 and 70 submarines by 2020" and that China will field a new guided-missile nuclear attack submarine "by the mid-2020s" providing Beijing with "a more clandestine land-attack option."

China's first domestically built Aircraft carrier will also "likely join the fleet by the end of 2019" and its second domestically built carrier is projected to be operational by 2022.

Beijing is also rapidly building up its Coast Guard to help enforce its claims over disputed islands in the South China Sea, according to the report.

Since 2010 the Chinese Coast Guard has doubled its fleet of large patrol ships and now commands some 130 large vessels, "making it by far the largest coast guard force in the world and increasing its capacity to conduct simultaneous, extended offshore operations in multiple disputed areas."

The report also says China uses its People's Armed Forces Maritime Militia, a reserve force of civilians available for mobilization, "to achieve China's political goals" in the South China Sea without fighting.

China has attempted to increase its control over the features and waterways of the South China Sea where some 78 percent of its oil imports and 16 percent of natural gas imports sails.

"In the South China Sea, China has continued militarization. Anti-ship cruise missiles and long-range surface-to-air missiles have been deployed to Spratly Islands outposts, and China's strategic bombers have conducted take-off and landing drills on Woody Island in the Paracel Islands," the report said, adding that the missiles deployed to the Spratly Islands in 2018 are the "most capable land-based weapons systems deployed by China in the disputed South China Sea."

"China states that international military presence within the South China Sea is a challenge to its sovereignty. China has continued to escalate coercive tactics to enforce its claims within the South China Sea," it added

NEW EXECUTIVE ORDER IRAN, IRON, STEEL, ALUMINUM and COPPER

EXECUTIVE ORDER - - - - - IMPOSING SANCTIONS WITH RESPECT TO THE IRON, STEEL, ALUMINUM, AND COPPER SECTORS OF IRAN By the authority vested in me as President by the Constitution and the laws of the United States of America, including the International Emergency Economic Powers Act (50 U.S.C. 1701 et seq.) (IEEPA), the National Emergencies Act (50 U.S.C. 1601 et seq.), section 212(f) of the Immigration and Nationality Act of 1952 (8 U.S.C. 1182(f)), and section 301 of title 3, United States Code, I, DONALD J. TRUMP, President of the United States of America, find that: It remains the policy of the United States to deny Iran all paths to both a nuclear weapon and intercontinental ballistic missiles, and to counter the totality of Iran's malign influence in the Middle East. It is also the policy of the United States to deny the Iranian government revenue, including revenue derived from the export of products from Iran's iron, steel, aluminum, and copper sectors, that may be used to provide funding and support for the proliferation of weapons of mass destruction, terrorist groups and networks, campaigns of regional aggression, and military expansion. In light of these findings and in order to take further steps with respect to the national emergency declared in Executive Order 12957 of March 15, 1995, and to supplement the authorities provided in the Iran Freedom and Counter-Proliferation Act of 2012 (subtitle D of title XII of Public Law 112-239), I hereby order:

Section 1. (a) All property and interests in property that are in the United States, that hereafter come within the United States, or that are or hereafter come within the possession or control of any United States person of the following persons are blocked and may not be transferred, paid, exported, withdrawn, or otherwise dealt in: any person determined by the Secretary of the Treasury, in consultation with the Secretary of State: (i) to be operating in the iron, steel, aluminum, or copper sector of Iran, or to be a person that owns, controls, or operates an entity that is part of the iron, steel, aluminum, or copper sector of Iran; (ii) to have knowingly engaged, on or after the date of this order, in a significant transaction for the sale, supply, or transfer to Iran of significant goods or services used in connection with the iron, steel, aluminum, or copper sectors of Iran; (iii) to have knowingly engaged, on or after the date of this order, in a significant transaction for the purchase, acquisition, sale, transport, or marketing of iron, iron products, aluminum, aluminum products, steel, steel products, copper, or copper products from Iran; (iv) to have materially assisted, sponsored, or provided financial, material, or technological support for, or goods or services in support of any person whose property and interests in property are blocked pursuant to this section; or

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(v) to be owned or controlled by, or to have acted or purported to act for or on behalf of, directly or indirectly, any person whose property and interests in property are blocked pursuant to this section. (b) The prohibitions in this section apply except to the extent provided by statutes, or in regulations, orders, directives, or licenses that may be issued pursuant to this order, and notwithstanding any contract entered into or any license or permit granted before the date of this order.

Sec. 2. (a) The Secretary of the Treasury, in consultation with the Secretary of State, is hereby authorized to impose on a foreign financial institution the sanctions described in subsection (b) of this section upon determining that the foreign financial institution has, on or after the date of this order, knowingly conducted or facilitated any significant financial transaction: (i) for the sale, supply, or transfer to Iran of significant goods or services used in connection with the iron, steel, aluminum, or copper sectors of Iran; (ii) for the purchase, acquisition, sale, transport, or marketing of iron, iron products, aluminum, aluminum products, steel, steel products, copper, or copper products from Iran; or (iii) for or on behalf of any person whose property and interests in property are blocked pursuant to this order. (b) With respect to any foreign financial institution determined by the Secretary of the Treasury in accordance with this section to meet any of the criteria set forth in subsection (a)(i) through (a)(iii) of this section, the Secretary of the Treasury may prohibit the opening, and prohibit or impose strict conditions on maintaining, in the United States of a correspondent account or payable-through account by such foreign financial institution. (c) The prohibitions in subsection (b) of this section apply except to the extent provided by statutes, or in regulations, orders, directives, or licenses that may be issued pursuant to this order, and notwithstanding any contract entered into or any license or permit granted before the date of this order.

Sec. 3. I hereby determine that the making of donations of the types of articles specified in section 203(b)(2) of IEEPA (50 U.S.C. 1702(b)(2)) by, to, or for the benefit of any person whose property and interests in property are blocked pursuant to this order would seriously impair my ability to deal with the national emergency declared in Executive Order 12957, and I hereby prohibit such donations as provided by this section.

Sec. 4. The prohibitions in section 1 of this order include: (a) the making of any contribution or provision of funds, goods, or services by, to, or for the benefit of any person whose property and interests in property are blocked pursuant to subsection (a) of that section; and (b) the receipt of any contribution or provision of funds, goods, or services from any such person.

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Sec. 5. The unrestricted immigrant and nonimmigrant entry into the United States of aliens determined to meet one or more of the criteria in subsection 1(a) of this order would be detrimental to the interests of the United States, and the entry of such persons into the United States, as immigrants or nonimmigrants, is therefore hereby suspended. Such persons shall be treated as persons covered by section 1 of Proclamation 8693 of July 24, 2011 (Suspension of Entry of Aliens Subject to United Nations Security Council Travel Bans and International Emergency Economic Powers Act Sanctions).

Sec. 6. (a) Any transaction that evades or avoids, has the purpose of evading or avoiding, causes a violation of, or attempts to violate any of the prohibitions set forth in this order is prohibited. (b) Any conspiracy formed to violate any of the prohibitions set forth in this order is prohibited.

Sec. 7. Nothing in this order shall apply to transactions for the conduct of the official business of the Federal Government or the United Nations (including its specialized agencies, programmes, funds, and related organizations) by employees, grantees, or contractors thereof.

Sec. 8. For the purposes of this order: (a) the term "entity" means a partnership, association, trust, joint venture, corporation, group, subgroup, or other organization; (b) the term "foreign financial institution" means any foreign entity that is engaged in the business of accepting deposits, making, granting, transferring, holding, or brokering loans or credits, or purchasing or selling foreign exchange, securities, commodity futures or options, or procuring purchasers and sellers thereof, as principal or agent. It includes, but is not limited to, depository institutions, banks, savings banks, money service businesses, trust companies, securities brokers and dealers, commodity futures and options brokers and dealers, forward contract and foreign exchange merchants, securities and commodities exchanges, clearing corporations, investment companies, employee benefit plans, dealers in precious metals, stones, or jewels, and holding companies, affiliates, or subsidiaries of any of the foregoing. The term does not include the international financial institutions identified in 22 U.S.C. 262r(c)(2), the International Fund for Agricultural Development, the North American Development Bank, or any other international financial institution so notified by the Secretary of the Treasury; (c) the term "Government of Iran" includes the Government of Iran, any political subdivision, agency, or instrumentality thereof, including the Central Bank of Iran, and any person owned or controlled by, or acting for or on behalf of, the Government of Iran; (d) the term "Iran" means the Government of Iran and the territory of Iran and any other territory or marine area, including the exclusive economic zone and continental shelf, over which the Government of Iran claims sovereignty,

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Frequently Asked Questions Regarding Executive Order (E.O.) “Imposing Sanctions with Respect to the Iron, Steel, Aluminum, and Copper Sectors of Iran” of May 8, 2019

sovereign rights, or jurisdiction, provided that the Government of Iran exercises partial or total de facto control over the area or derives a benefit from economic activity in the area pursuant to international arrangements; (e) the term "knowingly," with respect to conduct, a circumstance, or a result, means that a person has actual knowledge, or should have known, of the conduct, the circumstance, or the result; (f) the term "person" means an individual or entity; and (g) the term "United States person" means any United States citizen, permanent resident alien, entity organized under the laws of the United States or any jurisdiction within the United States (including foreign branches), or any person in the United States.

Sec. 9. For those persons whose property and interests in property are blocked pursuant to this order who might have a constitutional presence in the United States, I find that because of the ability to transfer funds or other assets instantaneously, prior notice to such persons of measures to be taken pursuant to this order would render those measures ineffectual. I therefore determine that for these measures to be effective in addressing the national emergency declared in Executive Order 12957, there need be no prior notice of a listing or determination made pursuant to section 1 of this order.

Sec. 10. The Secretary of the Treasury, in consultation with the Secretary of State, is hereby authorized to take such actions, including adopting rules and regulations, and to employ all powers granted to the President by IEEPA as may be necessary to implement this order. The Secretary of the Treasury may, consistent with applicable law, redelegate any of these functions within the Department of the Treasury. All agencies shall take all appropriate measures within their authority to implement this order.

Sec. 11. (a) Nothing in this order shall be construed to impair or otherwise affect:
(i) the authority granted by law to an executive department or agency, or the head thereof; or (ii) the functions of the Director of the Office of Management and Budget relating to budgetary, administrative, or legislative proposals. (b) This order shall be implemented consistent with applicable law and subject to the availability of appropriations. (c) This order is not intended to, and does not, create any right or benefit, substantive or procedural, enforceable at law or in equity by any party against the United States, its departments, agencies, or entities, its officers, employees, or agents, or any other person. Sec. 12. The measures taken pursuant to this order are in response to actions of the Government of Iran occurring after the conclusion of the 1981 Algiers Accords, and are intended solely as a response to those later actions. DONALD J. TRUMP THE WHITE HOUSE, May 8, 2019.

https://www.treasury.gov/resource-center/sanctions/Programs/Documents/iran_eo_metals.pdf

666. What does the Executive Order Imposing Sanctions with Respect to the Iron, Steel, Aluminum, and Copper Sectors of Iran of May 8, 2019 do?

The Executive Order of May 8, 2019 authorizes sanctions with respect to the iron, steel, aluminum, and copper sectors of Iran.

Section 1 of the E.O. of May 8, 2019 authorizes blocking sanctions on any person determined by the Secretary of the Treasury, in consultation with the Secretary of State:

(i) to be operating in the iron, steel, aluminum, or copper sector of Iran, or to be a person that owns, controls, or operates an entity that is part of the iron, steel, aluminum, or copper sector of Iran;

(ii) to have knowingly engaged, on or after the effective date of the order, in a significant transaction for the sale, supply, or transfer to Iran of significant goods or services used in connection with the iron, steel, aluminum, or copper sectors of Iran;

(iii) to have knowingly engaged, on or after the effective date of the order, in a significant transaction for the purchase, acquisition, sale, transport, or marketing of iron, iron products, aluminum, aluminum products, steel, steel products, copper, or copper products from Iran;

(iv) to have materially assisted, sponsored, or provided financial, material, or technological support for, or goods or services in support of any person whose property and interests in property are blocked pursuant to section 1; or

(v) to be owned or controlled by, or to have acted or purported to act for or on behalf of, directly or indirectly, any person whose property and interests in property are blocked pursuant to section 1.

Section 2 of the E.O. of May 8, 2019 authorizes correspondent and payable-through account sanctions on foreign financial institutions (FFIs) determined to have knowingly conducted or facilitated any significant financial transaction:

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(i) for the sale, supply, or transfer to Iran of significant goods or services used in connection with the iron, steel, aluminum, or copper sectors of Iran;

(ii) for the purchase, acquisition, sale, transport, or marketing of iron, iron products, aluminum, aluminum products, steel, steel products, copper, or copper products from Iran; or

(iii) for or on behalf of any person whose property and interests in property are blocked pursuant to the order.

Sections 3-13 of the E.O. of May 8, 2019 contain exceptions, definitions, and other implementing provisions related to the sanctions. [05-08-2019]

667. When does Executive Order Imposing Sanctions with Respect to the Iron, Steel, Aluminum, and Copper Sectors of Iran become effective?

The E.O. of May 8, 2019 became effective upon signing. [05-08-2019]

668. Is there a wind-down period?

Yes. Persons engaged in transactions that could be sanctioned under the Executive Order Imposing Sanctions with Respect to the Iron, Steel, Aluminum, and Copper Sectors of Iran of May 8, 2019 will have a 90-day period to wind down those transactions without exposure to sanctions under the E.O. of May 8, 2019. Those persons should take the necessary steps to wind down transactions by the end of the 90-day wind-down period to avoid exposure to sanctions. Entering into new business that would be sanctionable under the E.O. of May 8, 2019 (the effective date of the E.O.) will not be considered wind-down activity and could be sanctioned even during the wind-down period. [05-08-2019]

*(*Continued On The Following Column)*

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 (06.28.16)

669. Does the Executive Order Imposing Sanctions with Respect to the Iron, Steel, Aluminum, and Copper Sectors of Iran expand upon existing sanctions relating to trade with Iran in certain raw and semi-finished metals, such as aluminum and steel?

Yes. The E.O. of May 8, 2019 expands upon existing sanctions under section 1245 of IFCA on the sale, supply, or transfer, directly or indirectly, to or from Iran of certain materials, including raw and semi-finished metals such as aluminum and steel, as described in subsections 1245(a)(I)(B) or (C) of IFCA.

In addition, the E.O. of May 8, 2019 explicitly targets the iron and copper sectors of Iran. [05-08-2019]

670. Are there exceptions to the sanctions imposed under E.O. of May 8, 2019?

Yes. The sanctions authorized under the E.O. of May 8, 2019 do not apply to transactions for the conduct of the official business of the United States Government or the United Nations (including its specialized agencies, programmes, funds, and related organizations) by employees, grantees, or contractors thereof. [05-08-2019]

671. What is the definition of significant?

The Department of the Treasury anticipates adopting the interpretation of “significant” set out in 31 C.F.R § 561.404. See existing OFAC Iran FAQ 289. [05-08-2019]

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*“The more I want to get something done the less I call it work.”
– Richard Bach*