



# EIB World Trade Headlines

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## Russian national and engineering company admit guilt in scheme to evade U.S. national security trade sanctions

International investigation continues against other defendants

SAVANNAH, GA: A Russian national and his engineering company have admitted to charges that they violated U.S. national security laws.

Oleg Vladislavovich Nikitin, general director of KS Engineering (KSE), a St. Petersburg, Russia-based energy company, pled guilty in U.S. District Court to conspiracy to evade U.S. export regulations and to defraud the United States, said David H. Estes, Acting U.S. Attorney for the Southern District of Georgia. The charge was brought in a third superseding indictment, USA v. World Mining and Oil Supply et. al, alleging Nikitin and his co-defendants conspired to violate the International Emergency Economic Powers Act (IEEPA) and the Export Control Reform Act of 2018 (ECRA).

As a result of the plea entered before U.S. District Court Judge R. Stan Baker, Nikitin faces up to five years in federal prison and substantial fines and forfeitures, followed by up to three years of supervised release.

“Oleg Nikitin attempted to evade trade sanctions designed to protect the United States from illegal acquisition of industrial equipment by non-aligned powers,” said Acting U.S. Attorney Estes. “We will maximize the use of our nation’s resources to vigorously defend against those who threaten our national security.”

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As described in court documents and testimony, Nikitin and KSE admitted conspiring with others to evade U.S. trade sanctions that prohibited export of equipment that could make “a significant contribution to the military potential or nuclear proliferation of other nations, or that could be detrimental to the foreign police or national security of the United States.”

The conspiracy began when an unnamed Russian government-controlled business contracted with Nikitin and KSE to purchase a power turbine from a U.S.-based manufacturer for approximately \$17.3 million. The Russian company intended to use the turbine on a Russian Arctic deepwater drilling platform, expressly prohibited by the U.S. Department of Commerce without first obtaining a license.

Nikitin admitted that he and another KSE employee, Anton Cheremukhin, conspired with Gabrielle Villone and his Italian-based company, GVA International Oil and Gas Services (GVA); and GVA employee Bruno Caparini, to obtain the turbine on their behalf. Villone, Caprini and GVA then employed the services of Dali Bagrou and World Mining and Oil Supply (WMO) of Dacula, Ga., to procure the turbine from a U.S.-based manufacturer and to have the turbine shipped overseas.

The parties conspired to conceal the true end user of the turbine from both the U.S. manufacturer and the U.S. government by submitting false documentation that stated it would be used by a U.S. company in and around Atlanta.

Nikitin, Villone, and Bagrou were all arrested in Savannah, Ga., while attempting to complete the illegal transaction. Villone was sentenced in June 2020 to 28 months in prison after pleading guilty to the conspiracy.

Bagrou remains in custody pending further legal action, and is considered innocent unless and until found guilty in court.

“Special Agents of the Bureau of Industry and Security’s Office of Export Enforcement (OEE) are committed to bringing sanctions violators, who have willfully chosen to threaten our nation’s security, to justice,” said Ariel Joshua Leinwand, Special Agent in Charge of OEE’s Miami Field Office. “These guilty pleas represent the results of an intensive and collaborative approach with our law enforcement partners to vigorously enforce our nation’s export control laws.”

“The illegal export of technology poses a great danger to the United States,” said Special Agent in Charge, Cynthia A. Bruce, DCIS Southeast Field Office. “DCIS and our investigative partners will aggressively pursue and bring to justice those who threaten our national security.”

“This was a methodical plan by Nikitin and his partners to undercut United States sanctions and put our goods in the hands of actors that are a direct threat to our national security,” said Chris Hacker, Special Agent in Charge of FBI Atlanta. “Today’s plea doesn’t mean our work is done. The FBI and our partners will always make threats to our national security a top priority.”

“U.S. Customs and Border Protection takes great pride in working with our partner government agencies to vigorously enforce U.S. export control laws as part of our overall duties and responsibilities in protecting and preserving our national security,” said Henry DeBlock, Area Port Director for CBP Savannah.

The Department of Commerce, Bureau of Industry and Security, Office of Export Enforcement, as well as the Defense Criminal Investigative Service and the Federal Bureau of Investigation are investigating the case with assistance from the Georgia Department of Natural Resources and Customs and Border Protection.

Assistant U.S. Attorneys Jennifer G. Solari and Steven H. Lee are prosecuting the case with Trial Attorney William A. Mackie of the National Security Division’s Counterintelligence and Export Control Section.

Topic(s):  
Counterintelligence and Export Control

Component(s):  
Federal Bureau of Investigation (FBI)  
USAO - Georgia, Southern

Contact:  
Barry L. Paschal, Public Affairs Officer: 912-652-4422

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Updated March 30, 2021

*(\*Continued On The Following Column)*

## Biden's infrastructure plan will bolster the U.S. semiconductor industry, Commerce Secretary says

Published Wed, Mar 31 2021 8:06 PM EDT Updated Wed, Mar 31 2021 8:40 PM EDT  
Tyler Clifford@\_TylerTheTyler\_

"This is about out-competing China," Commerce Secretary Gina Raimondo told CNBC's Jim Cramer. "If we act now ... we will compete with China."

The comments came moments after President Joe Biden unveiled a \$2 trillion package primarily tailored to bridges, roads and other transportation initiatives.

The proposal also calls for a \$50 billion investment in semiconductor manufacturing and research

The White House's infrastructure plan will put the U.S. on more equal footing with China as it bolsters the American semiconductor industry, Commerce Secretary Gina Raimondo said Wednesday.

"This is about out-competing China," Raimondo told CNBC's Jim Cramer in a "Mad Money" interview. "If we act now ... we will compete with China. There is time to do that, to rebuild, to build in semiconductors in particular, but we have to get to the business of doing it."

The comments came moments after President Joe Biden unveiled a \$2 trillion package primarily tailored to bridges, roads and other transportation initiatives. The proposal also calls for a \$50 billion investment in semiconductor manufacturing and research.

A global chip shortage, heightened by high demand for computers and other technological products during the coronavirus pandemic, has pressured American manufacturers. For instance, Ford announced Wednesday it will reduce car production at multiple North American plants due to the low supply for semiconductors.

Raimondo, who left the Rhode Island governor's house to join the Biden administration, said semiconductors are the "building blocks of a future economy and a digital economy." With investments in semiconductor manufacturing, it will pave a way for basic research, more jobs in foundries, job training and advanced manufacturing, she said.

"I am hopeful that when the business community, large and small, has an opportunity to look into this package, they'll see this is about competing and winning now and into the future, and that's good for business and good for workers," she said.

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The Biden administration is aiming to get an infrastructure bill passed by this summer. Named "The American Jobs Plan," it includes spending to combat climate change, improve drinking-water infrastructure, expand broadband access and lay the groundwork for electric vehicle capabilities.

The package could face some hurdles in Congress, despite Democrats' power advantage. Democrats hold a slight majority in the House and a 50-50 tiebreaker in the Senate. However, Republicans are gearing up to object over the package's size and the White House's plan to pay for it.

## FOR IMMEDIATE RELEASE

York, Maine, March 31, 2021 (GLOBE NEWSWIRE) -- FOR IMMEDIATE RELEASE

Award-winning specialty food producer Stonewall Kitchen announced today its acquisition of Vermont Coffee Company® based in Middlebury, Vermont. Vermont Coffee Company is the best-selling brand of bagged organic coffee in grocery stores across the Northeast. The company sources and blends high quality, certified organic arabica coffee from all of the leading coffee regions around the world, slow-roasting them in small batches to make coffees with big bold flavor. Vermont Coffee Company is a brand with a purpose, and its distinctive "brown paper bag" packaging connotes values of freshness, and sustainability. Blends are available in both whole bean and most recently in pre-ground form.

Founder Paul Ralston began roasting coffee in 1979 after purchasing an antique Royal No. 4 slotted-drum roaster which he set up in the window of his bakery in Bristol, Vermont. Twenty years later, the Vermont Coffee Company was born, and today offers over 25 blends from its 40,000 square foot state-of-the-art facility in Middlebury. In 2018, the company became the first roaster in the nation to roast coffee using 100% renewable biogas, demonstrating its commitment to the environment and planet.

"We're extremely excited to welcome Vermont Coffee Company to our growing family of specialty brands," said John Stiker, Chief Executive Officer of Stonewall Kitchen. "Both of our companies are committed to craft manufacturing high quality products and creating meaningful experiences for people. The Vermont Coffee Company products are sustainably sourced, 100% organic, and -- most importantly -- make a delicious cup of coffee! We believe these deeply rooted values and commitment to quality make Vermont Coffee Company the perfect addition to our family."

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Added founder Paul Ralston, “I began my love affair with coffee by learning to roast through trial and error, and sharing those batches with friends. Forty years later, our mission remains “roasting coffee for friends” – which means being friends to our farmers, our customers, our community, and our planet. As a purpose-driven company, finding the right home for our brand and the friends I’ve made was of the utmost importance to me. I am extremely happy that Stonewall Kitchen will be the new home of Vermont Coffee Company and will continue roasting with our entire team here in Middlebury. I’m also thrilled to announce that as part of their commitment to the community, Stonewall Kitchen is planning to open a new Vermont Coffee Company café in downtown Middlebury, with a target opening date of this fall.”

Concluded Stiker, “We’re elated to have Vermont Coffee join the other great brands in our family made here in New England, from our flagship Stonewall Kitchen products made here in York, Maine, to the Village Candle brand made up the road in Wells, to the Vermont Village brand of apple cider vinegar products made in Vermont. Combined with our other acquisitions from around the country, including the most recent acquisition of Urban Accents just last month, Vermont Coffee Company expands even further what we are able to offer our customers and guests. With our expertise in brand building, product development, and omni-channel distribution, we’re looking forward to having the team at Vermont Coffee Company join us in offering a wide range of unique, high quality and premium coffee products.”

Vermont Coffee Company marks Stonewall Kitchen’s second acquisition of 2021 and sixth acquisition overall. It acquired the Urban Accents® brand of spice mixes, seasonings, sauces, and gifts in early March.

### **About Stonewall Kitchen**

Stonewall Kitchen is a leading specialty food and home goods producer headquartered in York, Maine. Founded in 1991 by partners Jonathan King and Jim Stott, the two established the Stonewall Kitchen brand by selling jams and jellies at local farmers’ markets with a flavorful line of distinctive and high quality products. Over time, they expanded the brand to include sauces, condiments, crackers and baking mixes, always focusing on innovative product development, beautiful packaging, and exceptional guest service. Today, Stonewall Kitchen is the premier specialty food and home goods platform in North America, home to a family of premium quality brands including the flagship Stonewall Kitchen brand; the Vermont Coffee Company brand of high quality, non-GMO, certified organic coffee; the Urban Accents brand of globally-inspired spice mixes, seasonings, and sauces; the Village Candle brand of fragranced candles, gifts and accessories; the Tillen Farms brand of pickled vegetables and cocktail cherries; the Napa Valley Naturals brand of olive oils, culinary oils, balsamic vinegars and wine vinegars;

*(\*Continued On The Following Column)*

the Montebello brand of artisan organic pasta imported from Italy; the Vermont Village brand of organic apple sauce and apple cider vinegars; and the Legal Sea Foods brand of restaurant-quality seafood sauces and condiments. The company boasts more than 8,500 wholesale accounts nationwide and internationally; a thriving catalog and online division; a cooking school and café in York, Maine; and eleven retail Company Stores throughout New England. As winners of 30 prestigious awards from the Specialty Food Association and the recipient of the coveted Outstanding Product Line Honors three times, Stonewall Kitchen is proud to be one of the most awarded specialty food companies in the country.

For more information about Stonewall Kitchen, please visit:

[www.stonewallkitchen.com](http://www.stonewallkitchen.com)

For more information about Vermont Coffee Company, please visit:

[www.vermontcoffeecompany.com](http://www.vermontcoffeecompany.com)

## **Training**

**The Bureau of Industry and Security  
Outreach and Educational Services Division  
Cosponsored by: World Trade Center Harrisburg  
Complying with U.S. Export Controls  
April 28-29, 2021  
Virtual**

### **Complying with U.S. Export Controls**

The two-day virtual program is led by BIS's professional counseling staff and provides an in-depth examination of the Export Administration Regulations (EAR). The program will cover the information exporters need to know to comply with U.S. export control requirements on commercial goods, and other items subject to the EAR. We will focus on what items and activities are subject to the EAR; how to determine your export control classification number (ECCN); steps to take to determine the export licensing requirements for your item; when you can export or reexport without applying for a license; export clearance procedures and record keeping requirements; and guidance in applying this information. Presenters will conduct a number of "hands-on" exercises that will prepare you to apply the regulations to your own company's export activities. This program is well suited for those who need a comprehensive understanding of their obligations under the EAR.

This program will be held virtually through WebEx. The program will begin at 8:30 a.m. and end at 5:00 p.m. each day.

**Registration <https://www.bis.doc.gov/index.php/all-articles/81-compliance-a-training/export->**

## Commerce Adds Seven Chinese Supercomputing Entities to Entity List for their Support to China's Military Modernization, and Other Destabilizing Efforts

FOR IMMEDIATE RELEASE

Thursday, April 8, 2021

### [Office of Public Affairs](#)

[publicaffairs@doc.gov](mailto:publicaffairs@doc.gov)

The Department of Commerce's Bureau of Industry and Security (BIS) has added seven Chinese supercomputing entities to the Entity List for conducting activities that are contrary to the national security or foreign policy interests of the United States.

Today's final rule adds the following entities to the Entity List: **Tianjin Phytium Information Technology, Shanghai High-Performance Integrated Circuit Design Center, Sunway Microelectronics, the National Supercomputing Center Jinan, the National Supercomputing Center Shenzhen, the National Supercomputing Center Wuxi, and the National Supercomputing Center Zhengzhou.** These entities are involved with building supercomputers used by China's military actors, its destabilizing military modernization efforts, and/or weapons of mass destruction (WMD) programs.

### **U.S. Secretary of Commerce Gina M. Raimondo released the following statement:**

"Supercomputing capabilities are vital for the development of many – perhaps almost all – modern weapons and national security systems, such as nuclear weapons and hypersonic weapons. The Department of Commerce will use the full extent of its authorities to prevent China from leveraging U.S. technologies to support these destabilizing military modernization efforts."

These entities meet the criteria for inclusion on the Entity List listed under Section 744.11 of the Export Administration Regulations (EAR).

The full list of entities impacted by this change is included in the rule on public display in the *Federal Register*.

The Entity List is a tool utilized by BIS to restrict the export, re-export, and in-country transfer of items subject to the EAR to persons (individuals, organizations, companies) reasonably believed to be involved, have been involved, or pose a significant risk of being or becoming involved, in activities contrary to the national security or foreign policy interests of the United States. Additional license requirements apply to exports, re-exports, and in-country transfers of items subject to the EAR to listed entities, and the availability of most license exceptions is limited.

For more information, visit [www.bis.doc.gov](http://www.bis.doc.gov).

Department of Justice

U.S. Attorney's Office Southern District of New York

FOR IMMEDIATE RELEASE

Tuesday, April 6, 2021

### [President Of New York-Based Company Arrested For Conspiring To Violate U.S. Sanctions Against Iran](#)

[Michael Rose Allegedly Sold More Than \\$350,000 in Goods to an Iranian Importer in Violation of U.S. Sanctions and Allegedly Committed Related Money Laundering and Bank Fraud Crimes](#)

Audrey Strauss, the United States Attorney for the Southern District of New York, William F. Sweeney Jr., Assistant Director-in-Charge of the New York Office of the Federal Bureau of Investigation ("FBI"), and Jonathan Carson, Special Agent in Charge of the New York Field Office of the U.S. Department of Commerce, Office of Export Enforcement ("DOC-OEE"), announced today the unsealing of charges against MICHAEL ROSE for conspiring to violate the International Emergency Economic Powers Act ("IEEPA"), and participating in bank fraud and money laundering conspiracies. ROSE was arrested by the FBI and OEE today, and he will be presented later today in Manhattan federal court before United States Magistrate Judge Stewart D. Aaron. Manhattan U.S. Attorney Audrey Strauss said: "As alleged, Michael Rose participated in a years-long scheme to violate our sanctions by surreptitiously exporting cosmetics to Iran via front company intermediaries in the Middle East. Today's charges underscore that those who violate our sanctions on Iran will be investigated and prosecuted."

FBI Assistant Director William F. Sweeney Jr. said: "Whatever his motivation – greed or something more sinister – we allege Mr. Rose intentionally disguised his products' ultimate destination and lied about those products' prices to limit his customs liability. It's a federal crime to violate sanctions the United States put in place to protect our national interests from Iran and other designated nation states. Mr. Rose may have thought the rules didn't apply to him, but, if he did, today's action demonstrates otherwise."

DOC-OEE Special Agent in Charge Jonathan Carson said: "The Office of Export Enforcement will vigorously enforce sanctions violations involving Iran, including actions by exporters to undermine the integrity of our export control system through the submission of false or misleading information. The Office of Export Enforcement will continue applying the investigative resources and authorities necessary to protect and promote U.S. national security, foreign policy, and economic interests." According to the Indictment<sup>[1]</sup> unsealed today in Manhattan federal court:

MICHAEL ROSE is the president of a Long Island-based cosmetics manufacturer and supplier ("Company-1"). In that role, ROSE manages, among other things, Company-1's operations and its international sales business. Between 2015 and 2018, ROSE participated in a conspiracy to evade U.S. sanctions on Iran by causing Company-1 to export from the United States more than \$350,000 worth of cosmetics to an importer in Iran ("Importer-1").

<https://www.justice.gov/usao-sdny/pr/president-new-york-based-company-arrested-conspiring-violate-us-sanctions->

## Commerce Secretary Gina Raimondo: U.S. Devising Strategy To Push Back On China

When Gina Raimondo assumed her role as commerce secretary less than a month ago, she inherited a long list of things needing her attention: among them, the 2020 Census, which has been delayed for months, and a trade war that the Trump administration started with China.

Now, the Biden administration has to figure out whether to continue the fight, or put an end to it. China has a goal of becoming "the leading nation in the world," President Biden told reporters Thursday during his first news conference since taking office, but said "that's not going to happen on my watch."

Raimondo says the start of the Biden administration marks a new chapter in the U.S. relationship with Beijing.

"What you've seen the end of is a haphazard approach to dealing with China and tariffs overall," Raimondo says in an interview with All Things Considered.

Right now, she says, President Biden is focused on "crafting a whole strategy for how we protect American workers, level the playing field for American businesses and quite frankly, push back on China, whose behavior is threatening our security and prosperity and our values."

"We're very clear-eyed on the magnitude of the threat that China poses and we're prepared," she says.

The current trade war includes higher tariffs on steel and aluminum from China, which have helped U.S. companies in those industries.

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But other American manufacturers — Whirlpool and Harley-Davidson, for instance — have complained that the tariffs have raised their costs and cut into profits, a point Raimondo acknowledges.

"I hear from a lot of, say, auto manufacturers or consuming businesses, that it's made it more difficult," she says, adding that she plans to review the process for allowing exclusions to the tariffs in order to help U.S. companies that use those raw materials.

Another area Raimondo is focused on is technology, and how China's behavior threatens U.S. national and economic security. One way to counter that is by investing more at home, Raimondo says. Semiconductors, for instance, is one sector where Raimondo says the U.S. has fallen behind. "We need to invest in more manufacturing in America and more technology in America," she says.

In order to compete with China — which Raimondo calls "a defining feature" of the Biden administration — the U.S. will also need to repair relationships with allies that were broken during the Trump administration, she says.

"You cannot sugarcoat the damage that President Trump caused in alienating some of our allies," Raimondo says.

The commerce secretary has spent her first weeks in office speaking with her counterparts in Europe, Canada and Mexico.

"They are wide open to the message of, it's a new day in America and we want to renew these alliances," she says.

Elena Burnett and Courtney Dorning produced and edited the audio interview.



Secretary of Commerce Gina Raimondo says the U.S. is clear "clear-eyed on the magnitude of the threat that China poses."  
*Susan Walsh/AP*

## Grounding of cargo ship in Suez Canal could hurt the LNG market if prolonged, analyst says

PUBLISHED THU, MAR 25 2021 11:58 AM EDT  
UPDATED THU, MAR 25 2021 12:50 AM EDT  
Sumathi Bala

The disruption caused by the grounding of a large container ship in Egypt's Suez Canal — halting marine traffic through one of the busiest and most important waterways in the world — could have a major impact on the liquefied natural gas (LNG) market if prolonged, according to an analyst at Wood Mackenzie. The ship, called Ever Given, ran aground on Tuesday morning after losing the ability to steer amid high winds and a dust storm, the Suez Canal Authority (SCA) said in a statement. Rescue efforts are currently underway with multiple tugboats sent to the scene to assist in the re-float operation, which can take days.

"The impact of this disruption on the LNG market will be limited if the disruption is solved within a day or two. Only a handful of LNG cargoes were in the close vicinity of the Suez Canal when the incident started. At this stage, we don't expect major bottlenecks, unless the situation drags on," said Lucas Schmitt, principal analyst at Wood Mackenzie.

The Suez Canal is a key channel for LNG ships — with around 8% of global LNG trade passing through.

"So far in March 2021 a handful of cargoes have been transiting each day in both directions (until the disruption)," added Schmitt. The 120-mile long man-made waterway is a key point of global trade, connecting a steady flow of goods from East to West. Everything from consumer products to machinery parts to oil flows through its waters.

Nearly 19,000 ships passed through the canal during 2020, for an average of 51.5 per day, according to the Suez Canal Authority. The Ever Given ship, was sailing from China to Rotterdam when it ran aground. The impact on the LNG market would be greater if the disruption is prolonged as the recent delays at the Panama Canal illustrated, according to Schmitt. Those delays lead to a spike in LNG prices and shipping rates, according to Reuters.

"However, the timing of this incident means it will have less impact on prices than that of the Panama since we're entering the shoulder season for the LNG market," he noted. "Charter rates are currently low — around 30 k\$/d — but could tighten up (reflecting the additional tonne-mile needed to bypass the canal) if the disruption lasts."

Schmitt added further delays could "impact both loading and discharge schedules and disrupt some flows, mostly to the European market."

## STATEMENT: U.S. Secretary of Commerce Gina M. Raimondo On Intel's Plan To Build New Semiconductor Facilities In Arizona

FOR IMMEDIATE RELEASE

March 23, 2021

Media Contact: [PublicAffairs@doc.gov](mailto:PublicAffairs@doc.gov)

STATEMENT: U.S. Secretary of Commerce Gina M. Raimondo  
On Intel's Plan To Build New Semiconductor Facilities In  
Arizona

WASHINGTON — Today, following her participation in Intel's announcement of its plans to build two new semiconductor facilities in Arizona, representing an investment of \$20 billion in American semiconductor manufacturing, U.S. Secretary of Commerce Gina M. Raimondo released the following statement:

"Today, we celebrate American innovation and job creation. Intel's investment will help to preserve U.S. technology innovation and leadership, strengthen U.S. economic and national security, and protect and grow thousands of high-tech, high-wage American jobs.

Intel's announcement is a great example of the benefits that come from investing in domestic semiconductor manufacturing capabilities. We can create jobs, strengthen our national security as well as the security and resiliency of our supply chains. And we welcome additional announcements on U.S. manufacturing commitments by other firms as well.

I'd like to thank Senators Mark Kelly and Kyrsten Sinema for their continued leadership on bringing these good-paying jobs to Arizona.

Working together, we can maintain America's place as a technology and innovation leader."

## COMTECH XICOM RESOLVES ALLEGATIONS OF UNLICENSED EXPORTS TO THE U.A.E., BRAZIL AND RUSSIA

FOR IMMEDIATE RELEASE BUREAU OF INDUSTRY AND SECURITY

March 19, 2021 Office of Congressional and Public Affairs  
[www.bis.doc.gov](http://www.bis.doc.gov) (202) 482-1069

COMTECH XICOM RESOLVES ALLEGATIONS OF UNLICENSED EXPORTS TO THE U.A.E., BRAZIL AND RUSSIA

Today, Kevin J. Kurland, performing the non-exclusive duties of the Assistant Secretary for Export Enforcement, the U.S. Department of Commerce's Bureau of Industry & Security (BIS), announced an administrative settlement of \$122,000 with Comtech Xicom, located in Santa Clara, CA. The investigation was conducted by the San Jose Field Office of BIS's Office of Export Enforcement (OEE). "The national security of the United States is, and will always be, the top priority for the Bureau of Industry and Security's Office of Export Enforcement," said Kurland. "Today's enforcement action sends a clear and strong message that export compliance matters and will be enforced. Individuals and companies that violate the Export Administration Regulations can be criminally prosecuted, administratively fined, or both." This settlement resolves BIS's allegations that on three occasions between December of 2015 and March of 2017, Comtech Xicom engaged in conduct prohibited by the Export Administration Regulations ("EAR") when they exported Traveling Wave Tubes controlled for National Security reasons to Russia, the United Arab Emirates, and Brazil without the required export licenses.

"This Administrative enforcement action demonstrates Export Enforcement's commitment to combating violations of export laws and regulations," said Special Agent in Charge John D. Masters of OEE's San Jose, CA Field Office. "The Office of Export Enforcement will continue applying the investigative resources and authorities necessary, including the imposition of administrative penalties, to protect and promote U.S. national security, foreign policy, and economic interests." BIS's mission is to advance U.S. national security and foreign policy objectives by ensuring an effective export control and treaty compliance system and promoting continued U.S. strategic technology leadership. Among its enforcement efforts, BIS is committed to preventing U.S.-origin items from supporting Weapons of Mass Destruction (WMD) projects, terrorist activities, or destabilizing military modernization programs. For more information, please visit [www.bis.doc.gov](http://www.bis.doc.gov).

## DUTCH COMPANY EXTENDS CHIP DEAL WITH SMIC

The Dutch company ASML, the biggest manufacturer of lithography equipment for making semiconductors, has extended a deal with Semiconductor Manufacturing International Corporation, China's biggest chip maker, according to a short statement issued on Wednesday.

The ASML statement was made after SMIC revealed a volume purchase deal on which it has already spent US\$1.2 billion (A\$1.54 billion), Reuters reported.

The statement said the deal began in 2018 and had been slated to end last year, but was extended till the end of 2021. SMIC was one of the Chinese companies placed on a blacklist by the US Government in September last year, with American firms required to obtain a licence from the Department of Commerce if they wished to sell products to the Chinese entity.

ASML manufactures a critical tool that is used in making advanced semiconductors, known as an extreme ultraviolet lithographic machine. Two years ago, the US put pressure on the Dutch Government to cancel a licence issued to ASML to sell such a machine to SMIC, part of its efforts to prevent Chinese telecommunications equipment vendor Huawei Technologies from obtaining advanced semiconductors for its flagship smartphones.

ASML said the deal with SMIC was for older technology, known as deep ultraviolet lithography. The ASML statement said: "A disclosure has been made by SMIC under Hong Kong listing rules regarding a Volume Purchase Agreement with ASML.

"This relates to an existing agreement for DUV lithography that was already entered into on 1 January 2018 and that would run originally until 31 December 2020 and which was extended on 1 February 2021 to be valid until end December 2021.

"The total amount of purchase orders under the VPA was completed in the past 12 months' period from 16 March 2020 until 2 March 2021 – to an aggregate amount of US\$1.2 billion. The VPA, including its extension, is not a material event for ASML.

"We understand that the transactions contemplated under the VPA constitute disclosable events for SMIC under the Hong Kong Listing Rules."

## China Puts 2nd Canadian On Trial For Espionage And Bars Spectators

NPR, Policemen wearing face masks patrol at the compound of No. 2 Intermediate People's Court in Beijing on Monday, as Canadian Michael Kovrig went on trial in a closed courtroom for espionage. After more than two years in detention, former Canadian diplomat Michael Kovrig was put on trial in Beijing for espionage Monday in a case criticized by diplomats and international legal experts as an exercise in hostage diplomacy and for contravening international law. Kovrig's trial ended without a verdict being announced.

"This is completely unacceptable as is the lack of transparency in these court proceedings," said Jim Nickel, Canada's top diplomat in China. Nickel was among 28 diplomats from 26 countries who were barred from attending Kovrig's trial, despite repeated requests for access. A Beijing court spokesperson said Kovrig's trial would happen in a closed courtroom because the case touched upon "national secrets."

However, an agreement signed by Canada and China in 1999 explicitly states a consular official can attend such trials. Canadian diplomats also say they have not been granted regular consular access to Michael Spavor, a Canadian businessman also on trial in China for espionage. Kovrig and Spavor have been held in two separate northern Chinese prisons since December 2018. Such consular visits are guaranteed under the Vienna Convention, an international treaty that oversees diplomatic relations and to which Canada and China are both members.

The two Canadians were arrested shortly after Canada, at the request of the U.S., arrested Meng Wanzhou, chief financial officer for Chinese telecom firm Huawei. The U.S. is seeking to extradite her to face charges of committing bank fraud while allegedly trying to circumvent American sanctions on Iran. Nickel said the Canadian Embassy had not been granted consular access to Kovrig before the trial. The embassy has also not been told which lawyers are representing Kovrig and Spavor in court. "We remain deeply concerned at the lack of minimum procedures and protections granted to the two Canadian citizens during their two years of arbitrary detention," said William Klein, acting deputy chief of mission at the U.S. Embassy in Beijing. He spoke outside the Beijing courthouse where Kovrig was tried Monday morning. China said the diplomats trying to attend Kovrig's trial had interfered with its judicial sovereignty. "Canada gathered some embassy staff and meddled in the individual case of a Canadian citizen handled in accordance with Chinese law,"

(\*Continued On The Following Column)

*"There is no elevator to success. You have to take the stairs."*

Hua Chunying, a Chinese foreign ministry spokesperson told NPR today. "We advise Canada that its scheme to gang on up China will never succeed." Kovrig and Spavor were both arrested on Dec. 10, 2018, nine days after Meng's arrest while she was transiting through a Canadian airport. China's courts have a 99% conviction rate, and the espionage charges Spavor and Kovrig face carry a maximum sentence of life in prison and even the death penalty. Last Friday, Spavor had a closed trial in the Chinese city of Dandong, along the country's border with North Korea. He is accused of being an intelligence source for Kovrig. Canadian diplomats were similarly barred from attending his trial, which ended after about two hours without a verdict. Meng, the daughter of Huawei's founder Ren Zhengfei, is being held under house arrest in a Vancouver, B.C., mansion as she faces her last round of Canadian extradition hearings. Legal observers say the cases of Michael Kovrig and Michael Spavor are an alarming instance of hostage diplomacy.

"This is really about the two Michaels being geopolitical pawns, not just between Canada and China, but also the U.S., for being the country that has requested the extradition of Meng," said Margaret Lewis, an international law professor at Seton Hall University. "We're all going to be watching what happens not just in Beijing, but in the courtroom in Vancouver." Chinese officials have themselves suggested the two cases are linked to Meng's detention in Canada. "Even if it is a judicial case as the Canadian side claims, the Canadian justice minister has the authority to stop the extradition process [for Meng Wanzhou] at any point," Zhao Lijian, a Chinese foreign ministry spokesperson said last June, the month the two Canadians were officially charged with espionage. "Such options are within the rule of law and could open up space for resolution to the situation of the two Canadians."

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