



# EIB World Trade Headlines

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## FOR IMMEDIATE RELEASE

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**BUREAU OF INDUSTRY AND SECURITY**  
Office of Congressional and Public Affairs  
[OCPA@bis.doc.gov](mailto:OCPA@bis.doc.gov)

### Commerce Strengthens Export Controls to Restrict China's Capability to Produce Advanced Semiconductors for Military Applications

**Washington, D.C.** – Today, the U.S. Department of Commerce's Bureau of Industry and Security (BIS) announced a package of rules designed to further impair the People's Republic of China's (PRC) capability to produce advanced-node semiconductors that can be used in the next generation of advanced weapon systems and in artificial intelligence (AI) and advanced computing, which have significant military applications. This action is a proactive measure enhancing the Department of Commerce's work to impede the PRC's ability to procure and produce the technologies necessary for its military modernization.

The rules include new controls on 24 types of semiconductor manufacturing equipment and 3 types of software tools for developing or producing semiconductors; new controls on high-bandwidth memory (HBM); new red flag guidance to address compliance and diversion concerns; 140 Entity List additions and 14 modifications spanning PRC tool manufacturers, semiconductor fabs, and investment companies involved in advancing the PRC government's military modernization; and several critical regulatory changes to enhance the effectiveness of our previous controls.

"This action is the culmination of the Biden-Harris Administration's targeted approach, in concert with our allies and partners, to impair the PRC's ability to indigenize the production of advanced technologies that pose a risk to our national security," said **U.S. Secretary of Commerce Gina Raimondo**. "Further strengthening our export controls underscores the central role of the Department of Commerce in executing the United States' broader national security strategy. No Administration has been tougher in strategically addressing China's military modernization through export controls than the Biden-Harris Administration."

"The United States has taken significant steps to protect our technology from being used by our adversaries in ways that threaten our national security. As technology evolves, and our adversaries seek new ways to evade restrictions, we will continue to work with our allies and partners to proactively and aggressively safeguard our world-leading technologies and know-how so they aren't used to undermine our national security," said **National Security Advisor Jake Sullivan**.

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“This action builds on BIS’s laser-focused work, undertaken over the past few years, to impose strategic controls that have hindered the PRC’s ability to produce advanced semiconductors and AI capabilities directly impacting U.S. national security. We are constantly talking to our allies and partners as well as reassessing and updating our controls. Today’s announcement represents the next step in that ongoing work,” said **Under Secretary of Commerce for Industry and Security Alan Estevez**. “This package is proactive and innovative in how we are responding to increasingly sophisticated actors and complex supply chains. We must ensure that we stay ahead of the PRC by protecting our advanced technology.”

“The PRC’s Military-Civil Fusion strategy presents a significant risk that advanced node semiconductors will be used in military applications that threaten the security of the United States, as well as the security of our allies and partners,” said **Assistant Secretary of Commerce for Export Administration Thea D. Rozman Kendler**. “These rules build on previous actions taken in service of our longstanding goal: protecting our collective security by constraining the PRC’s ability to indigenize the most advanced technologies, without unduly interfering with the continuing trade of technology.” “The purpose of these Entity List actions is to stop PRC companies from leveraging U.S. technology to indigenously produce advanced semiconductors,” said **Matthew S. Axelrod, Assistant Secretary for Export Enforcement**. “By adding key semiconductor fabrication facilities, equipment manufacturers, and investment companies to the Entity List, we are directly impeding the PRC’s military modernization, WMD programs, and ability to repress human rights.”

**Taking Novel Approaches to Impair and Impede the PRC’s Military Modernization**

Throughout the Biden-Harris Administration, in coordination with U.S. allies and partners, BIS has taken novel approaches to address an ever-changing geopolitical and technological landscape and respond to increasingly sophisticated threat actors.

All of the policy changes announced today are designed to limit the PRC’s ability to indigenize the production of advanced technologies – such as advanced-node integrated circuits and the equipment used to produce them – that pose a substantial risk to U.S. national security. The semiconductor manufacturing equipment controlled by today’s rules is needed to produce advanced-node integrated circuits, which are necessary for advanced weapon systems and advanced AI used in military applications.

Advancements in large-scale AI models have shown striking performance improvements across many human abilities and may be used in advanced military and intelligence applications. These models have the ability to rapidly review and synthesize large amounts of information into actionable points. Advanced AI models could be used for rapid response scenarios on the battlefield; lowering the barrier to develop cyberweapons or chemical, biological, radiological, or nuclear weapons; and utilizing facial and voice recognition to repress and surveil minorities and political dissidents.

Today’s announcement underscores the United States’ “small yard, high fence” strategy and will restrict the PRC’s ability to produce technologies key to its military modernization or repression of human rights.

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These actions serve two primary objectives:

- Slowing the PRC’s development of advanced AI that has the potential to change the future of warfare; and
- Impairing the PRC’s development of an indigenous semiconductor ecosystem – an ecosystem built at the expense of U.S. and allied national security.

In line with these objectives, BIS is implementing several regulatory measures, including but not limited to:

- **New controls on semiconductor manufacturing equipment** needed to produce advanced-node integrated circuits, including certain etch, deposition, lithography, ion implantation, annealing, metrology and inspection, and cleaning tools.
- **New controls on software tools** for developing or producing advanced-node integrated circuits, including certain software that increases the productivity of advanced machines or allows less-advanced machines to produce advanced chips.
- **New controls on high-bandwidth memory (HBM)**. HBM is critical to both AI training and inference at scale and is a key component of advanced computing integrated circuits (ICs). The new controls apply to U.S.-origin HBM as well as foreign-produced HBM subject to the EAR under the advanced computing Foreign Direct Product (FDP) rule. Certain HBM will be eligible for authorization under new License Exception HBM.
- **Addition of 140 entities to the Entity List, in addition to 14 modifications**, including semiconductor fabs, tool companies, and investment companies that are acting at the behest of Beijing to further the PRC’s advanced chip goals which pose a risk to U.S. and allied national security.
- **Establishment of two new Foreign Direct Product (FDP) rules and corresponding *de minimis* provisions:**
  - **Semiconductor Manufacturing Equipment (SME) FDP:** Extends jurisdiction over specified foreign-produced SME and related items if there is “knowledge” that the foreign-produced commodity is destined to Macau or a destination in Country Group D:5, including the PRC
  - **Footnote 5 (FN5) FDP:** Extends jurisdiction over specified foreign-produced SME and related items if there is “knowledge” of certain involvement by an entity on or added to the Entity List with a FN5 designation. Such entities are being designated on the Entity List for specific national security or foreign policy concerns described in the Entity List companion rule, such as these entities’ involvement in supporting the PRC’s military modernization through the PRC’s attempts to produce advanced-node semiconductors, including for military end-uses.
  - ***De minimis*:** Extends jurisdiction over specified foreign-produced SME and related items described in the above FDP rules that contain any amount of U.S.-origin integrated circuits.

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- **New software and technology controls**, including restrictions on Electronic Computer Aided Design (ECAD) and Technology Computer Aided Design (TCAD) software and technology when there is “knowledge” that such items will be used for the design of advanced-node integrated circuits to be produced in Macau or a destination in Country Group D:5.
- **Clarification to the EAR regarding existing controls on software keys.** Export controls now apply to the export, reexport, or transfer (in-country) of software keys that allow access to the use of specific hardware or software or renewal of existing software and hardware use licenses.

In October 2022, BIS published an interim final rule (IFR) to restrict the PRC’s ability to both purchase and manufacture certain high-end semiconductors critical for military applications. As part of BIS’s commitment to continually evaluating the effectiveness of export controls, it released updated rules in October 2023 and April 2024. Today’s rules build on those efforts.

**Additional Background**

The PRC has both mandated and incentivized relevant domestic firms to dedicate significant resources to realizing a whole-of-society approach to indigenization that the PRC is taking to shape the global semiconductor ecosystem for its benefit and at the expense of the national security of the United States and its allies.

PRC leadership at the highest levels has stressed the importance of building an indigenous and self-sufficient semiconductor ecosystem, referring to ICs as critical to national security and military capabilities. The Chinese Communist Party’s semiconductor strategy intends to further the PRC’s military modernization, weapons of mass destruction (WMD) development, and control agenda to promote transnational regression and stifle human rights, threatens the security and undermines the values of the United States and our allies. Today’s rules hamper the PRC’s ability to realize these objectives.

BIS’s actions are taken under the authority of the Export Control Reform Act of 2018 and its implementing regulations, the Export Administration Regulations (EAR).

Under these authorities, BIS possesses a variety of tools to control the export of U.S.-origin and certain foreign-produced commodities, software, and technology, as well as specific activities of U.S. persons, for national security and foreign policy reasons. These tools include issuing federal regulations, as well as using the licensing and regulatory process to take party-specific actions.

Today’s rules are available on the Federal Register’s website [here](#) and [here](#). The rules are effective today with a delayed compliance date of December 31, 2024 for certain controls. Public comments can be submitted on the Interim Final Rule.

**FOR IMMEDIATE RELEASE**

November 25, 2024  
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[OCPA@bis.doc.gov](mailto:OCPA@bis.doc.gov)

**Commerce Strengthens Restrictions on Exports to Pakistan to Address Diversion Concerns**

**Washington, D.C.** – Today, the U.S. Department of Commerce’s Bureau of Industry and Security (BIS) published a final rule imposing new controls on exports, reexports, and transfers (in-country) involving six key categories of items – some of which were previously controlled for nuclear nonproliferation reasons – to Pakistan to address diversion concerns. BIS has determined that these items have been sought by entities on the Entity List, as well as front companies acting on their behalf. Controlling such items on a countrywide basis will allow the U.S. Government to review proposed transactions to mitigate the risk of diversion to an end use or end user of concern, while facilitating trade for legitimate commercial and civil end uses.

“We routinely investigate parties around the world based on diversion concerns,” said **Under Secretary of Commerce for Industry and Security Alan F. Estevez**. “Today’s controls will strengthen our national security by making it harder for entities of concern in Pakistan to procure these items from the United States.”

“Today’s action builds on our existing controls for specific entities of concern in Pakistan to ensure more broadly that key dual-use items do not contribute to activities that are contrary to U.S. national security or foreign policy,” said **Assistant Secretary of Commerce for Export Administration Thea D. Rozman Kendler**.

BIS imposed licensing requirements on certain entities in Pakistan determined to have been involved in nuclear or missile activities after Pakistan’s detonation of a nuclear explosive device in 1998. There are currently 162 entities located in Pakistan on the Entity List. Beginning in 2019, BIS has also maintained due diligence guidance for evaluating proposed transactions involving Pakistan.

The items controlled in today’s rule are listed on the Commerce Control List under Export Control Classification Numbers (ECCNs) 1B999, 2A992, 2B999,<sup>1</sup> 3A992, 3A999, and 6A996. Items that fall within the scope of these ECCNs include the following:

- Particle accelerators
- Certain stainless or alloy pipes and valves
- Certain pumps and welders
- Oscilloscopes
- Chromatographs and spectrometers
- Magnetometers

A BIS license will now be required for regional stability reasons to export, reexport, or transfer items (in-country) under these six ECCNs to or within Pakistan. Applications for such transactions will be denied if the U.S. Government determines that there is an unacceptable risk of use in an end use of concern or diversion to an end user of concern. The availability of license exceptions is limited.

The text of today’s final rule is available on the Federal Register’s website [here](#). The rule will take effect 30 days after publication in the Federal Register. More information is available at [www.bis.gov](http://www.bis.gov).

## **Secretary Antony J. Blinken Remarks to the Press**

11/13/2024 08:09 AM EST

Antony J. Blinken, Secretary of State  
Brussels, Belgium  
NATO Headquarters

**SECRETARY BLINKEN:** Well, good morning, everyone. First, it's a pleasure as always to be back at NATO. We had very good discussions with the secretary general, Mark Rutte – delighted to see him at the helm of the Alliance in this critical moment – as well as with all of our NATO colleagues at the North Atlantic Council.

The purpose of this visit is to focus our efforts on ensuring that Ukraine has the money, the munitions, and the mobilized forces to fight effectively in 2025 or to be able to negotiate a peace from a position of strength. And this is a critical moment because we see, first, the ongoing Russian onslaught against Ukraine in the east as well as against civilians, against critical energy infrastructure. We see now the introduction of North Korean forces into the fight, and this is a profound and incredibly dangerous development in two ways – first, of course, because it's adding fuel to the fire for Russia's aggression against Ukraine, and that's of deep concern to everyone around the NATO table. But it's also a two-way street. The relationship between Russia and North Korea is working in both directions, and there is deep concern about what Russia is or may be doing to strengthen North Korea's capacities – its missile capacity, its nuclear capacity – as well as the experience that the North Korean forces are getting in their efforts to support Russia against Ukraine. So there is a clear commitment that this gets – and it will get – a firm response from the Alliance, from many countries that are concerned both in the Euro-Atlantic theater and in the Indo-Pacific.

As we're working to make sure that Ukraine has what it needs to effectively defend itself, the United States continues to step up. We've obligated just recently and pushed out the door another \$8 billion in security assistance for Ukraine – that was in September, another almost half a billion dollars just a few weeks ago, and President Biden has committed to making sure that every dollar we have at our disposal will be pushed out the door between now and January 20th. We're making sure that Ukraine has the air defenses it needs, that has the artillery it needs, that has the armored vehicles it needs.

But as always, this is not just the United States. We have more than 50 countries working actively in support of Ukraine. And as I said before, this is maybe the best example of burden sharing that I've ever seen in 32 years that I've been doing this. The United States has dedicated about a hundred billion dollars to Ukraine, allies and partners around the world \$150 billion, and we continue to see that every day.

But it's also a moment for everyone to do more, and we're counting on European partners and others to strongly support Ukraine's mobilization with training and equipment for these forces. We need to see more artillery, more air defenses, more munitions getting to the Ukrainians, and we had a good conversation about all the work that allies and partners will be doing to step up to this moment as well.

*(\*Continued on the Following Column)*

It's also more broadly an important moment for the Alliance, and we discussed this with the secretary general and with our colleagues around the North Atlantic Council. We'll be looking in the weeks ahead at the strategy that NATO has for dealing with Russia and particularly making sure that we have the strongest possible defense and deterrence. We'll be looking at what we're doing to deal with some of the challenges posed by China, including the support that China is giving to Russia in the war of aggression through its support for Russia's defense industrial base. We'll be looking at the challenge of hybrid threats, including those coming from Russia.

All of this is front and center in our agenda, but today the focus was intensely on what we're doing and what we're doing together to make sure that Ukraine is in the strongest possible position heading into 2025.

Finally, this. As we were looking at the state of our Alliance – not just in the struggle with Russia for Ukraine but more broadly – I think we can say that we have an Alliance that is stronger, bigger, more effective than it's ever been as a result of the work of the last four years. And the ongoing importance of making sure that we have a strong NATO – one that we're engaged in, invested in, and helping to lead – I think could not be more vital than it is now.

Here's what we know, here's what we know from history over these last 75 years, and here's what we know looking forward. The best way to defend ourselves, to prevent wars, to have security, is through the investments we're making in NATO and in our other alliances and partnerships. NATO in particular is founded on this principle: An attack on one is an attack on all. And that means that any would-be aggressor, anyone looking to take the fight to a NATO country, knows that if they do that, they have to take on all NATO countries. That is the strongest possible deterrent to war. It's the best way to prevent war in the first place. It's the best way to ensure our security. And that's why it's so vital that we continue to invest in this extraordinary Alliance and continue to lead in this extraordinary Alliance.

Happy to take some questions.

**MODERATOR:** Nike Ching.

**QUESTION:** Good morning, Mr. Secretary.

**SECRETARY BLINKEN:** Good morning.

**QUESTION:** Several questions for you if you may indulge me. On Ukraine, is there any development on lifting restrictions on long-range fire? What can the U.S. realistically do to improve the situation in Ukraine in the remaining time you have that cannot be easily undone? Are there any new ideas you hope to implement, and can you also outline specific actions the U.S. and NATO Allies do in response to North Korea's direct support for Russia's war in Ukraine? On Gaza, many humanitarian organizations are saying the situation in Gaza has actually gotten worse since you sent your letter 30 days ago and that Israel has failed to address several of the listed concerns. Moving forward, what motivation will Israel have to improve the conditions on the ground when you fail to follow through on your previous warnings? Thank you.

**SECRETARY BLINKEN:** Thanks very much. So on Ukraine, as I said, the President is determined that we push every dollar out the door that we have at our disposal, notably from the \$61 billion supplemental that was passed on a bipartisan basis by Congress some months ago, and we're on track to do exactly that. So the drawdowns that we can do from our military equipment, they will go forward. Obligating funds, that will go forward. And that should ensure that Ukraine continues to receive from us what it needs.

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But equally important is the work of our allies and partners. And as I said, we have 50 countries that have been acting in support of Ukraine. And I am convinced from the conversations we had today and the conversations we have virtually every day that that support will continue. And not only continue; I expect it to increase and that our partners will continue to more than pick up their share of the burden. So that's critical.

In terms of exactly what we're doing, I've said this before, I'll say it again: Every month that we've been engaged in the defense of Ukraine since the Russian aggression we have adapted and adjusted to the needs of Ukraine as the battlefield changes, as what Russia is doing changes, as new elements are introduced – for example, the North Korean forces. And I can tell you that we will continue to adapt and adjust, again, to make sure that Ukraine is in the strongest possible position to deal with this aggression, to deter further aggression, to effectively defend itself.

On the Middle East and on Gaza, let me be very clear about both the intent and the effect of the letter that Secretary Austin and I sent a month ago to our Israeli counterparts. The intent was to inject a sense of urgency with Israel to take necessary steps to address the dire humanitarian situation of children, women, and men in Gaza. The effect has been that of the 15 steps that we urged action on, Israel has taken action either in implementing or being in the process of implementing 12 of the 15 steps.

There are three big issues that still need to be addressed that come from the letter – first, making sure that when Israel engages in an operation and people have been evacuated from an area, that once that operation is done it rescind the evacuation order so that people can return and we can start to take down some of this horrific overcrowding that we're seeing in parts of Gaza where people have been sent to. So that's one.

Second, we want to see along with the humanitarian assistance getting in commercial trucks getting in with commercial goods. This is vital because so many of the things that commercial truckers bring in, including things like fruits and vegetables, are absolutely essential to the balanced nutrition for people in Gaza. That, in turn, is critical to making sure they have the immunities they need to fight off disease, and that's not something normally the humanitarians do. This comes in through commercial means. The challenge there in terms of restoring commercial trucking has been a huge problem of lawlessness and looting inside of Gaza that needs to be addressed and that we're working on finding a solution to. But right now there are 900 trucks that are inside of Gaza at Karem Shalom that's backed up. They can't be distributed because of this looting and because of the criminality. So it's imperative that that be addressed. Israel has responsibilities to do that. We're also working with Egypt.

And then in my judgment maybe most significant, we need to see real and extended pauses in large areas of Gaza, pauses in any fighting, any combat, so that the assistance can effectively get to people who need it. There are huge challenges in that regard, but we've also seen real solutions. The polio vaccination campaign was the one thing that's been very successful in Gaza. Hundreds of thousands of children got polio vaccines. But critical to success in doing that was having extended pauses for days, not simply hours as is the case right now, to make sure that everyone bringing assistance in has the ability to bring it in and to distribute it and to have space to do that. *(\*Continued On The Following Column)*

So we will be working on this intensely in the days ahead. I'll be discussing this further with President Biden. And the responsibility that Israel has in terms of making sure that assistance to the best of its ability can get to people who need it is an ongoing responsibility. And I believe that the steps that it's taken over the last weeks to address what we had in our letter, those steps would not have been taken absent the letter. But it's also critical, as the letter made clear, that not only are these steps taken but they need to be fully implemented and they need to be sustained if they're going to have effect. Yes, the last month has been terrible for people. The letter went out – already we were into October. We're starting to see, as I said, implementation of most of the steps that we've laid out. It will take some time for them to have effect. And again, they have to be fully implemented and they have to be sustained. But even with that, I think it's essential that we see things like more extended pauses.

Now, the hard, bottom-line truth is also this. Even with all of these steps, the situation is so difficult and so dramatic that to fully redress it, to fully answer the needs of people, the best way to do that is to end the war. And from my perspective, what we've seen is this: Israel, by the standards it set itself, has accomplished the goals that it set for itself, the strategic goals it set for itself. It was rightly determined to make sure to the best of its ability that October 7th could never happen again. To do that, it said that it needed to dismantle the military organization of Hamas and to get the leadership that was responsible for October 7th. It's done both of those things.

So this should be a time to end the war. To do that, I think we need two things fundamentally. One is we have to make sure that the hostages come home, including the seven Americans. We've been working, as you know, on trying to get an agreement on a hostage and ceasefire deal. Hamas tragically has demonstrated that it's not going to engage on that despite the renewed efforts we've made in recent weeks. It's one of the reasons why Qatar has told them to leave Qatar.

But we also need to make sure that we have a plan for what follows, and this is something I've been working on intensely in recent weeks so that if Israel decides to end the war and we find a way to get the hostages out, we also have a clear plan so that Israel can get out of Gaza and we make sure that Hamas is not going back in.

So those plans we're moving ahead as intensely as we can to flesh them out, to put them in place. But short of ending the war, which we believe now is the time to move to that, we have to see these humanitarian steps fully implemented, sustained, and as I said, particularly with regard to pauses having more extensive pauses.

One final thing on this. Israel has to meet these responsibilities, and we will be tracking this every single day. I would note though as well that it's extraordinary to me that as from almost day one there is no focus on Hamas and almost deafening silence around the world on Hamas. Not only has it rejected engaging on the hostage/ceasefire proposals, not only has it rejected even smaller proposals that would have cost it nothing to release a small number of hostages and actually have Palestinian prisoners released from Israeli jails in return, not only that, but a couple of weeks ago Israel said we will guarantee safe passage for every Hamas militant out of Gaza, just give us the hostages back. And they refused. Is anyone talking about that? The world has been silent on that, too.

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**QUESTION:** Thank you so much for giving me the floor. Secretary Blinken, you just mentioned that since Russian full-scale invasion (inaudible) in 2022 you and United States partners are adjusting to Ukraine's current needs. However, Ukraine has outlined its own needs in so-called victory plan (inaudible) United States leadership, and one of the needs is to lift the restrictions of using the long-range weapon inside Russian territory. Is there any chance that you will review your current decision and finally release those restrictions, and what are the prospects?

**SECRETARY BLINKEN:** So first, we're addressing many of the needs that are laid out in the victory plan. That's something that we discussed with allies and partners today. And as I said a moment ago, the hallmark of our support for Ukraine starting in February of '22 and carrying forward to today is making sure that we're adapting and adjusting to Ukraine's needs as the battlefield changes, as what Russia is doing changes, where the front lines are, how the war is being conducted, how the aggression is being conducted. And I am convinced that we will continue to adapt and adjust as necessary. Thanks. Thanks, everyone.

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## **Department Press Briefing – November 7, 2024**

11/07/2024 06:22 PM EST

Matthew Miller, Department Spokesperson

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### **Department Press Briefing – November 7, 2024**

November 7, 2024

1:17 p.m. EST

**MR MILLER:** Don't let me interrupt you, Janne.

**QUESTION:** (Off-mike.)

**MR MILLER:** It's quite all right. Let me start with some opening comments. Over the past two days, Secretary Blinken has been meeting with people from across the department to discuss the work ahead of us over the next 74 days between now and January 20th. In those meetings, he has emphasized two points:

First, the peaceful transfer of power is an essential element of our democracy that is vital to our nation's security. That's why it's so important for us to conduct a smooth, efficient, and professional transition process. To that end, the Secretary has appointed Ambassador Stephen Mull – a distinguished member of the State Department family – to coordinate these efforts on behalf of the department. Ambassador Mull will work with the President-elect's team to ensure as successful a transition as possible.

Second, the Secretary has made clear that he intends to use his remaining time in office to make tangible progress on a number of critical issues:

Cementing our working in maintaining a free, open, prosperous Indo-Pacific and ensuring we continue to win the competition we're engaged in with China while responsibly managing the relationship between our two countries;

Ensuring that Ukraine is in the best position possible for success; And bringing an end to the fighting in Lebanon and Gaza, while improving the delivery of humanitarian assistance, securing the release of all hostages, and preventing the further spread of the conflict.

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We have no shortage of work to do over the next 74 days, and we are determined to make the most of the time left. As the President said today, "let's make every day count. That's the responsibility we have to the American people."

And with that, Matt.

**QUESTION:** Hi.

**MR MILLER:** You're up.

**QUESTION:** Okay. So to that end, has Ambassador Mull started work as —

**MR MILLER:** Ambassador Mull has started his work on behalf of the department. He's here. He's been attending meetings, getting ready to coordinate the process. We have not yet had contact made by the Trump transition team. There's a process that they go through writ large that's run by the GSA. And then I think as you know, they appoint agency review teams that interface with each agency. They have not yet done that with respect to the State Department. I can't speak to other agencies. But as soon as they do, we are ready to go in working with them.

**QUESTION:** Okay. I — because I just — I took a stroll through the transition area, and it was — there was nobody there.

**MR MILLER:** Maybe he was at lunch. (Laughter.) I don't know. He's here. I was in a meeting with —

**QUESTION:** Okay.

**MR MILLER:** I was in a meeting with him this morning, so I can assure you he is here hard at work.

**QUESTION:** Okay. But what exactly is he doing, if there's been no contact with the incoming transition team?

**MR MILLER:** So we have been working on transition activities for some time now, even before he was appointed. What we do before the team is appointed — and we are doing this to get ready for either a Trump transition or a Harris transition — is to put together briefing materials, both on policy and procedures, and to get them ready and to try to anticipate questions that the incoming transition team will have and be ready to answer those as soon as they have an agency review team that comes into the building.

**QUESTION:** Okay. And — but there's no deadline for them to show up, is there? I mean, this is not the first time — this is like the seventh transition that I've witnessed and —

**MR MILLER:** There's not a deadline. I suppose January 20th would be a deadline.

**QUESTION:** No, no.

**MR MILLER:** But they can — we are ready to go.

**QUESTION:** I —

**MR MILLER:** They can proceed with the process as soon as they're ready. And we are —

**QUESTION:** Okay.

**MR MILLER:** That's up to them. That's up for them to decide. We're ready on our end.

**QUESTION:** But — well, what I'm saying — what I'm saying is that — like I said, I've done this, been through this multiple times, so — and it's been my experience in the past that the incoming transition team never usually shows up this early after an election. And you're saying that that's exactly this — was the case.

**MR MILLER:** Yeah, they have not. I won't speak to past precedent, but it's — they haven't at this point.

**QUESTION:** Okay. I — I'm sure people have questions about this, but I want to go to the Middle East here.

**MR MILLER:** Yeah.

**QUESTION:** But I'll wait until the transition questions —

**MR MILLER:** Transition stuff before we go? Other transition things? Well, take us — well, go ahead.

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**QUESTION:** How is the State Department and the – I guess, how is the State Department planning to handle conflicting policy goals in the Middle East between the current and the incoming administration? Meaning the incoming president has said that he’s not – he doesn’t necessarily feel that a ceasefire deal in Gaza is the best way to resolve the war. We obviously know Secretary Blinken, President Biden are like a hundred million percent committed to that. Is it something where there’s room for sort of talking about it in negotiations or do you continue a hundred percent on –

**MR MILLER:** I think it’s very important to remember with respect to our policy in the Middle East and with respect to all of our policies that there is one president at a time. And Joe Biden is the President, and we will continue to pursue the policies that he has set forward. When it comes to the Middle East, we will continue to pursue an end to the war in Gaza, an end to the war in Lebanon, a surge of humanitarian assistance. And that is our duty to pursue those policies right up until noon on January 20th. And when the President-elect takes office and becomes the President of the United States, it is, of course, his right to pursue different policies, but it’s still incumbent upon us that we think – to pursue the policies that we believe are best situated to bring peace and stability to the region and advance the national security interests of the United States, and that’s what we’re going to do.

**QUESTION:** Do you anticipate on the other side of the equation that the Israelis, the Palestinians, Hamas might change their calculations based on that expectation that we’re about to have an incoming President who might veer 180 degrees on policy from the current administration?

**MR MILLER:** So I certainly can’t speak for another government or another entity, and I wouldn’t want to speculate about how they might approach this period. Obviously, foreign governments have been through transitions before. We had one four years ago; we had one before that, four years before that; we had one eight years before that. And so they’re used to dealing with transitions and I think they understand that you have one president at a time.

So I won’t try to speculate about how they might deal with the various issues that we have before us. I do believe and the Secretary continues to believe that an end to the conflict in Gaza is not just in the interests of the Palestinian people, but it is in Israel’s interest, and finding a way forward that provides not just short-term security but lasting security for Israelis and Palestinians alike is in the interest of the Government of Israel. And so we will continue to have those conversations with them, but as you have always heard us say, they’re a sovereign country and they will make their own decisions, and that’s true in the transition as it was true before Election Day.

**QUESTION:** I guess, so how can you – not you personally but the State Department, the Biden administration – continue to reassure allies, particularly Israel, of long-term stability measures when you really only have a say for another however many – eight weeks, whatever we’ve got left?

**MR MILLER:** We can make clear to them the policies that we will pursue over the time that we have remaining in office, and we can make clear to them what we believe is in the best interests of the United States, what we believe is in the best interests of the countries in the region. But of course an incoming president can make his own policy changes, his own policy decisions. Every president has the right to do that. And I think foreign governments are well aware of that, as the American people are well aware of that.

Yeah.

*(\*Continued On The Following Column)*

**QUESTION:** Yeah, can you give some insight if the Secretary has given any calls or spoken to any of his counterparts around the world as to either reassure them on the transition or how the U.S. policy is going to change or be impacted? Could you give us some – or any information you have on the calls, conversations?

**MR MILLER:** Yeah, he has had a – he has had a number of calls over the past 24 hours, and without reading out any of those specifically, I will say generally the message he has had to them has been the same message that you’ve heard me deliver just in the past five or 10 minutes, however long I’ve been up here, and that’s that we are going to pursue the policies that we are advancing when it comes to the Middle East, when it comes to the Indo-Pacific, when it comes to supporting Ukraine, and of course the many other policies when it comes to trying to advance stability in Haiti and trying to reach a ceasefire in Sudan, many of the other hotspots we’re dealing with around the world. And I think they all have heard from us privately what they see publicly, what you saw from the President of the United States today, that we are committed to a peaceful, successful transition. That is a commitment that we take seriously; it’s part of our oath of – it’s part of how we interpret our oath of office; it’s part of how we interpret our duty to the American people.

When it comes to how you framed the question about making reassurances to allies or partners about the policies of a future administration, that’s not something we can do, it’s not something we would do. We would never presume to speak for an incoming administration because the President-elect was elected by the American public; he has the right to make his own decisions; he will make his own decisions. So we will speak on what we believe are the right policies that we have set, and we’ll make clear what we believe is in the long-term interests of the United States. But the incoming president will make his own decisions.

And here’s the thing: As I said in response to the previous question, these countries are used to dealing with the United States. They understand that we have elections every four years and they understand that there are changes in policy that flow as a result of those elections. There were significant changes in policy four years ago when President Biden took office. And without speaking to what those may be – because it wouldn’t be appropriate for me to do that; I couldn’t possibly speak for another administration – I think everyone well understands that’s how democracies work.

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### **International Security Advisory Board (ISAB) released three studies:**

Today, the Secretary’s International Security Advisory Board (ISAB) released three studies, “Report on Biotechnology in the PRC’s Military-Civil Fusion Strategy,” “Report on Multilateral Disarmament Structures,” and “The Limits of Influence: U.S. Security Cooperation in the Age of Strategic Competition.” These reports fulfill the request from Ambassador Bonnie D. Jenkins, the Under Secretary of State for Arms Control and International Security, to undertake studies related to biotechnology in the context of one of the PRC’s national strategies, multilateral disarmament trends, and security cooperation as a tool of influence. The recommendations, developed by three study groups consisting of a subset of board members, was approved during the Board’s October 30, 2024, plenary meeting.

The ISAB provides the Department with a continuing source of independent insight, advice, and innovation on all aspects of arms control, disarmament, nonproliferation, outer space, critical infrastructure, cybersecurity, the national security aspects of emerging technologies, international security, and related aspects of public diplomacy. The Board is sponsored and overseen by the Under Secretary for Arms Control and International Security and provides its recommendations to the Secretary through the Under Secretary. The ISAB is established in accordance with the Federal Advisory Committee Act (FACA), 5 U.S.C. 1001 et seq., and the study was conducted in accordance with FACA. For further information, including a full copy of the report, please visit [International Security Advisory Board – United States Department of State](#).

## U.S. DEPARTMENT OF THE TREASURY OFFICE OF FOREIGN ASSETS CONTROL

*Enforcement Release: November 19, 2024*

OFAC Imposes \$1.1 Million Penalty on an Individual for Violations of the Iranian Transactions and Sanctions Regulations  
OFAC has issued a Penalty Notice imposing a \$1,104,408 penalty on a natural U.S. person (“U.S. Person-1”) for 75 violations of OFAC sanctions on Iran valued at approximately \$561,802.

Between 2019 and 2022, U.S. Person-1 executed a plan to purchase, renovate, and operate a hotel in Iran. In furtherance of this scheme, U.S. Person-1 used foreign money services businesses in Iran and Canada to evade U.S. sanctions. U.S. Person-1 was aware at all times of U.S. sanctions on Iran.

The penalty amount reflects OFAC’s determination that the violations were egregious and were not voluntarily self-disclosed.

### Description of the Violations

Beginning in or about 2019 and lasting through 2022, U.S. Person-1 executed a plan to purchase, renovate, and operate a 19-suite hotel on the Caspian Sea in Iran. U.S. Person-1 financed the project through two different methods. First, U.S. Person-1 sold real property they had previously acquired in Iran and reinvested the proceeds in the hotel. Second, U.S. Person-1 transferred separate funds from the United States to Iran. At all relevant times, U.S. Person-1 maintained personal and business accounts at Bank Melli Iran and Bank Keshavarzi Iran, both of which are blocked entities on OFAC’s List of Specially Designated Nationals and Blocked Persons. U.S. Person-1 utilized their accounts at these two blocked Iranian financial institutions to pay for the hotel’s renovation and operations.

To effectuate payments to contractors and others, including any fees associated with Iranian government permits or licenses, U.S. Person-1 utilized a Canadian money services business (MSB) to circumvent the prohibition on most commercial financial transfers between the United States and Iran. To execute these transfers, U.S. Person-1 would first contact the MSB to request the transfer of Iranian rials to one or more of U.S. Person-1’s Iranian bank accounts. The MSB employed a mechanism known as an informal value transfer system (IVTS), through which the value of each funds transfer from U.S. Person-1 would reach Iran without any actual cross-border movement of funds. After agreeing on an exchange rate, the MSB would instruct U.S. Person-1 to remit an amount to the Financial Crimes Enforcement Network (FinCEN) has explained that IVTS includes “any system, mechanism, or network of people that receives money for the purpose of making the funds or an equivalent value payable to a third party in another geographic location, whether or not in the same form.” While such systems may be used for legitimate purposes, they may also be used to facilitate sanctions evasion and other unlawful activity. As a type of MSB, IVTS businesses may legally operate in the United States so long as they abide by applicable state and federal laws, including registering with FinCEN and complying with applicable anti-money laundering and counter-terrorist financing provisions of the Bank Secrecy Act. For additional information about IVTS, see FinCEN, “Informal Value Transfer Systems (FIN-2010-A011)” (September 1, 2010) and “Informal Value Transfer Systems (Issue 33)” (March 2003). Per OFAC FAQ 242, where a U.S. person wishes to process Iran-related funds transfers ordinarily incident and necessary to

equivalent amount of funds in U.S. dollars to a specified individual in the United States with whom U.S. Person-1 had no preexisting relationship. Upon completion of the transfer, the MSB arranged for the same amount in rials to be transferred to U.S. Person-1’s Iranian accounts, after which U.S. Person-1 would use the funds to make payments in Iran.

U.S. Person-1 primarily used checks to remit U.S. dollars to the U.S.-based individuals specified by the MSB. The memo lines sometimes referenced Iran or inaccurately purported to be in connection with a loan. In mid-2020, U.S. Person-1’s bank opened an investigation into the payments based on their number, frequency, and typology, including the consecutive transfer of funds to separate accounts owned by the same recipient. Following the conclusion of the bank’s investigation in late 2020, which identified the Iranian nexus in the funds transfers, U.S. Person-1’s bank exited U.S. Person-1 as a customer. Shortly thereafter, U.S. Person-1 opened new accounts at another U.S. financial institution and resumed the same activity. U.S. Person-1 appears to have attempted to better conceal the nature of the activity at the second bank, including by primarily executing the violative funds transfers through accounts held by two companies majority-owned by U.S. Person-1: an existing construction company and a newly created company for which the bank apparently had no written record of intended business activities. U.S. Person-1 also omitted explicit references to Iran from check memo lines and reduced the average value of each funds transfer. To repatriate hotel proceeds from Iran to the United States, the same MSB worked with a currency exchange located in Iran to complete a similar transaction in the opposite direction. Unlike the majority of the outgoing transactions, the last leg of the repatriation transaction included in the 75 violations at issue was executed via wire transfer and with a blank payment reference field.

During the same period, and separate from the hotel project, U.S. Person-1 also transferred ownership of a parcel of Iranian real property to their U.S.-person children without authorization.

The conduct described above resulted in 75 violations of the Iranian Transactions and Sanctions Regulations (ITSR), 31 C.F.R. §§ 560.203(a) (transactions that evade, avoid, or cause a violation of the ITSR), 560.206(a)(1) (prohibited transactions related to services of Iranian origin), 560.207 (prohibited new investment in Iran), 560.208 (prohibited approval or facilitation by a U.S. person of a transaction by a foreign person that would be prohibited if performed by a U.S. person), and 560.211(b) (prohibited transactions involving blocked property).

Penalty Calculations and General Factors Analysis Following the issuance of a Pre-Penalty Notice to U.S. Person-1, OFAC issued a Penalty Notice to U.S. Person-1 in accordance with the ITSR, 31 C.F.R. § 560.704, finding the violations and assessing a civil monetary penalty. The statutory maximum civil monetary penalty applicable in this matter is \$27,610,200. OFAC determined that U.S. Person-1 did not voluntarily self-disclose the violations and that the violations constitute an egregious case. Accordingly, under OFAC’s Economic Sanctions Enforcement Guidelines (“Enforcement Guidelines”), 31 CFR part 501, app.

giving effect to an underlying transaction that has been authorized by a specific or general license in the Iranian Transactions and Sanctions Regulations, the usage of an IVTS or MSB directly by such a U.S. person is prohibited unless the IVTS or MSB is: (a) in a third country and (b) engaged to provide services by a U.S. depository institution or U.S. broker-dealer in securities. See 31 C.F.R. §§ 560.319 & 560.321. *(\*Continued On The Following Page)*



A., the base civil monetary penalty applicable in this matter equals the statutory maximum of \$27,610,200. The final penalty amount of \$1,104,408 reflects OFAC's consideration of the General Factors under the Enforcement Guidelines.

OFAC determined the following to be aggravating factors:

(1) U.S. Person-1 acted recklessly, and with respect to certain transactions, willfully by engaging in unauthorized commercial activity and by continuing to engage in funds transfers to and from Iran when they knew such transfers were prohibited by U.S. sanctions.

(2) U.S. Person-1 at all times had actual knowledge of the violative conduct in which they were engaged.

(3) U.S. Person-1's scheme invested at least a half-million dollars in Iran and effectively provided liquidity to two blocked, government-owned Iranian financial institutions.

(4) U.S. Person-1 was not fully cooperative with OFAC's investigation.

OFAC determined the following to be mitigating factors:

(1) U.S. Person-1 has little expertise in sanctions-related issues and has not been the subject of an OFAC enforcement action in the five years preceding the earliest transaction giving rise to the violations.

(2) Based on the financial condition of U.S. Person-1, OFAC determined significant mitigation from the base penalty to be warranted.

#### Compliance Considerations

This action underscores the risks associated with violating U.S. sanctions, including comprehensive sanctions programs like the long-standing U.S. embargo on Iran. OFAC's Iran sanctions include prohibitions against conduct including new investment in Iran; transactions related to Iranian-origin goods or services; dealings involving the Government of Iran or any Iranian financial institution; U.S. person facilitation of transactions by a foreign person that would be prohibited for a U.S. person; and actual or attempted sanctions evasion.

At the same time, OFAC has issued general licenses<sup>2</sup> that authorize transactions including noncommercial, personal remittances to or from Iran and the sale of certain real and personal General licenses authorize a particular type of transaction for a class of persons without the need to apply for a specific license. Some general licenses are codified in the Code of Federal Regulations, while others may be published in the form of a web general license on a program-specific OFAC sanctions page (see <https://ofac.treasury.gov/sanctions-programs-and-country-information>). Persons engaging in transactions pursuant to a general license must ensure that all conditions of the license are strictly observed, including any reporting requirements, property in Iran and transfer of related funds to the United States.

These general licenses allow U.S. persons, including those with family in Iran, to carry out these types of transactions without needing to seek specific permission from OFAC. U.S. Person-1's conduct in this matter did not meet the conditions of any general license.

*(\*Continued On The Following Column)*

This case also highlights the vital importance to an effective financial institution compliance function of both sanctions screening and anti-money laundering and counter-terrorism financing (AML/CFT) programs. The initial stage of the violative funds transfers in this case took place within the United States and between U.S.-person individuals—a common feature of IVTS. Given the challenge of detecting potential sanctions violations under such circumstances, AML/CFT programs can help to identify suspicious transactional activity, including atypical funds transfers between customers and third parties with whom they otherwise maintain no ongoing financial relationship and transactions atypical of the stated business purpose for a corporate customer.

These types of patterns may, when combined with other factors, serve as a red flag indicative of potential sanctions evasion.

OFAC encourages financial institutions that identify potentially violative activity by their customers to file voluntary self-disclosures with OFAC's Enforcement Division.<sup>3</sup> In addition to reducing the amount of any potential civil monetary penalty against the financial institution, such disclosures can provide OFAC with critical investigative leads that may prevent further sanctions violations.

All U.S. persons, including individuals, are required to comply with U.S. sanctions. OFAC's website includes numerous sanctions program-specific FAQs; contact information for OFAC's compliance hotline; and other sanctions program-specific resources designed to assist the public with sanctions compliance. Persons who wish to engage in a transaction that would ordinarily be prohibited by OFAC sanctions may apply for a specific license from OFAC.

OFAC Enforcement and Compliance Resources

On May 2, 2019, OFAC published A Framework for OFAC Compliance Commitments in order to provide organizations subject to U.S. jurisdiction, as well as foreign entities that conduct business in or with the United States or U.S. persons, or that use goods or services exported from the United States, with OFAC's perspective on the essential components of a sanctions compliance program.

The Framework also outlines how OFAC may incorporate these components into its evaluation of apparent violations and resolution of investigations resulting in settlements. The Framework includes an appendix that offers a brief analysis of some of the root causes of apparent violations of U.S. economic and trade sanctions programs OFAC has identified during its investigative process.

Information concerning the civil penalties process can be found in the OFAC regulations governing each sanctions program; the Reporting, Procedures, and Penalties Regulations, 31 CFR part 501;

and the Economic Sanctions Enforcement Guidelines, 31 CFR part 501, app.

A. These references, as well as recent civil penalties and enforcement information, can be found on OFAC's website at <https://ofac.treasury.gov/civil-penalties-and-enforcement-information>.

Please submit all voluntary self-disclosures electronically to [OFACDisclosures@treasury.gov](mailto:OFACDisclosures@treasury.gov). OFAC encourages anyone who may have violated OFAC-administered sanctions programs, or anyone who is aware of potential violations, to disclose the apparent or potential violation to OFAC.

Sanctions Whistleblower ProgramThe U.S. Department of the Treasury's Financial Crimes Enforcement Network (FinCEN) maintains a whistleblower incentive program for violations of OFAC-administered sanctions, in addition to violations of the Bank Secrecy Act. Individuals located in the United States or abroad

who provide information may be eligible for awards, if the information they provide leads to a successful enforcement action that results in monetary penalties exceeding \$1,000,000. FinCEN is currently accepting whistleblower tips. For more information regarding OFAC regulations, please visit: <https://ofac.treasury.gov>.

## **MISSION STATEMENT:**

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