



EIB World Trade Headlines

Evolutions In Business • www.eib.com • (978) 256-0438
Fax: (978) 250-4529 • P.O. Box 4008, Chelmsford, MA 01824

February 15, 2019 - Volume 11, Issue 4

USTR Signs Mutual Recognition Agreements with the United Kingdom

02/14/2019

Washington, D.C. – On February 14, 2019, Deputy U.S. Trade Representative C.J. Mahoney and Ambassador Kim Darroch, United Kingdom (UK) Ambassador to the United States, signed two mutual recognition agreements (MRAs) covering telecom equipment, electro-magnetic compatibility (EMC) for information and communications technology products, pharmaceutical good manufacturing practice (GMP) inspections, and marine equipment. These MRAs with the UK replicate substantive provisions of existing MRAs between the United States and the European Union for these sectors and will ensure that U.S.-UK trade in these product sectors is not disrupted when the UK leaves the European Union. U.S. exports to the UK of products covered by these agreements exceeded \$5 billion in 2018.

(*Continued On The Following Page)

NEWSLETTER NOTES

* **USTR Signs Mutual Recognition Agreements with the United Kingdom**

* **Inter-nyet**

* **AP Interview: Maduro reveals secret meetings with US envoy**

* **United to fly nonstop from Portland Jetport to Denver**

* **Breakingviews - UK throws drowning Huawei a European lifeline | Reuters**

* **Training**

* **Trump expected to issue new order laying groundwork to bar Chinese tech firms from U.S. networks**

* **U.S. charges former Air Force intelligence specialist with conspiring to share classified information with Iran**

* **FBI Offers Reward for \$65,000 of Stolen Energy Drinks**

Framework MRA, including sectoral annexes for Telecom Equipment, EMC for ICT Goods, and Pharmaceutical GMP Inspections: The U.S.-UK Framework MRA provides for continued acceptance of certain conformity assessment results (e.g., product tests, inspections) between U.S. and UK regulators, helping to facilitate U.S.-UK trade in these sectors. The sectoral annex for telecom equipment covers telecommunications terminal equipment, including radio transmitters and information technology equipment. The sectoral annex for EMC covers equipment subject to UK and U.S. radio interference and compatibility requirements, including most electrical and electronic equipment exported to the UK. The sectoral annex for pharmaceuticals allows U.S. and UK regulators to rely on each other's GMP inspections of pharmaceutical manufacturing facilities, thereby reducing unnecessary costs and duplicative efforts and allowing the reallocation of regulatory resources to where they are most needed.

Marine Equipment MRA: Under the terms of the U.S.-UK Marine Equipment MRA, designated products which comply with U.S. requirements will be accepted for sale in the UK without any additional testing. The MRA's product scope includes products in three main categories: life-saving equipment (e.g., visual distress signals, marine evacuation systems); fire protection equipment (e.g., fire doors, insulation); and navigational equipment (e.g., compasses, GPS equipment, echo-sounding equipment). As part of the U.S.-UK Trade and Investment Working Group, the United States and the United Kingdom are working to ensure commercial continuity for UK and U.S. businesses, workers, and consumers as the UK leaves the EU. U.S. Trade Representative Robert Lighthizer notified Congress on October 16, 2018 of the Trump Administration's intent to enter into trade negotiations with the UK once it leaves the EU.

<https://ustr.gov/about-us/policy-offices/press-office/press-releases/2019/february/ustr-signs-mutual-recognition>

Inter-nyet

It's hard to fight a covert war when soldiers post about it on social media. That's why Russia is banning its troops from posting material on the Internet, Foreign Policy's Elias Groll and Amy Mackinnon write. From Ukraine to Syria to (reportedly) Venezuela, Russia has gained a reputation for using unofficially recognized or private forces to wage conflict; that's problematic when selfies blow their cover.

It's not just a problem for Russia: The NATO Stratcom Centre of Excellence recently reported it was able to collect sensitive information on NATO soldiers, including their locations, from social media.

AP Interview: Maduro reveals secret meetings with US envoy

CARACAS, Venezuela (AP) — A month into Venezuela's high-stakes political crisis, President Nicolas Maduro revealed in an Associated Press interview that his government has held secret talks with the Trump administration. He also predicted he would survive an unprecedented global campaign to force his resignation.

While harshly criticizing President Donald Trump's confrontational stance toward his socialist government, Maduro said Thursday that he holds out hope of meeting the U.S. president soon to resolve a crisis triggered by America's recognition of his opponent, Juan Guaido, as Venezuela's rightful leader.

Maduro said that during two meetings in New York, his foreign minister invited the Washington-based special envoy for Venezuela, Elliott Abrams, to visit "privately, publicly or secretly."

"If he wants to meet, just tell me when, where and how and I'll be there," Maduro said without providing more details. He said both New York meetings lasted several hours.

U.S. officials have not denied Maduro's claim of talks.

A senior administration official in Washington who was not authorized to speak publicly said U.S. officials were willing to meet with "former Venezuela officials, including Maduro himself, to discuss their exit plans."

As head of Congress, Guaido declared himself interim president on Jan. 23, saying he had a constitutional right to assume presidential powers from the "tyrant" Maduro. He has since garnered broad support, calling massive street protests and winning recognition from the U.S. and dozens of nations in Latin America and Europe who share his goal of removing Maduro.

The escalating crisis is taking place against a backdrop of economic and social turmoil that has led to severe shortages of food and medicine that have forced millions to flee the once-prosperous OPEC nation.

Abrams' appointment as special envoy last month signaled the Trump administration's determination to take a tougher line on Venezuela.

(*Continued On The Following Page)

The former Republican diplomat was a major voice pushing for the ouster of Manuel Noriega in Panama in the 1980s and also was convicted for withholding information from the U.S. Congress during the infamous Iran-Contra affair. He also played a leading role in managing the U.S.'s tepid response to a brief coup that toppled Hugo Chavez in Venezuela in 2002.

Two senior Venezuelan officials who were not authorized to discuss the meetings publicly said the two encounters between Abrams and Foreign Minister Jorge Arreaza came at the request of the U.S.

The first one on Jan. 26 they described as hostile, with the U.S. envoy threatening Venezuela with the deployment of troops and chastising the Venezuelan government for allegedly being in league with Cuba, Russia and Hezbollah.

When they met again this week, the atmosphere was less tense, even though the Feb. 11 encounter came four days after Abrams said the "time for dialogue with Maduro had long passed." During that meeting, Abrams insisted that severe U.S. sanctions would oust Maduro even if Venezuela's military stuck by him.

Abrams gave no indication the U.S. was prepared to ease demands Maduro step down. Still, the Venezuelans saw the meetings as a sign there is room for discussion with the Americans despite the tough public rhetoric coming from Washington.

At turns conciliatory and combative, Maduro said all Venezuela needs to rebound is for Trump to remove his "infected hand" from the country that sits atop the world's largest petroleum reserves.

He said U.S. sanctions on the oil industry are to blame for mounting hardships even though shortages and hyperinflation that economists say topped 1 million percent long predates Trump's recent action.

The sanctions effectively ban all oil purchases by the U.S., which had been Venezuela's biggest oil buyer until now. Maduro said he will make up for the sudden drop in revenue by targeting markets in Asia, especially India, where the head of state-run oil giant PDVSA was this week negotiating new oil sales.

"We've been building a path to Asia for many years," he said. "It's a successful route, every year they are buying larger volumes and amounts of oil."

At a petroleum conference in New Delhi, Venezuela's oil minister Manuel Quevedo suggested the country was open to a barter system with India to get around U.S. sanctions.

*(*Continued On The Following Column)*

"We do not have any barter system with Venezuela. Commercial considerations and related factors will determine the value of trade," India's Ministry of External Affairs spokesman Raveesh Kumar said in response to the Venezuelan officials' comments.

Maduro also cited the continued support of China and especially Russia, which has been a major supplier of loans, weapons and oil investment over the years. He said that the antagonistic views taken by Trump and Russian President Vladimir Putin runs the risk of converting the current crisis into a high-risk geopolitical fight between the U.S. and Russia that recalls some of the most-dangerous brinkmanship of the Cold War.

Amid the mounting pressure at home and abroad, Maduro said he won't give up power as a way to defuse the standoff.

He also reiterated a refusal to allow humanitarian aid, calling boxes of U.S.-donated food and pediatric supplies sitting in a warehouse on the border in Colombia mere "crumbs" after the U.S. administration froze billions of dollars in the nation's oil revenue and overseas assets.

"They hang us, steal our money and then say 'here, grab these crumbs' and make a global show out of it," said Maduro.

His comments came hours after British billionaire Richard Branson announced in a video that he'll be hosting a concert in the Colombian border town of Cucuta in hopes of raising \$100 million to buy humanitarian supplies for Venezuelans.

"With dignity we say 'No to the global show,'" said Maduro. "Whoever wants to help Venezuela is welcome, but we have enough capacity to pay for everything that we need."

Opponents say the 56-year-old former bus driver has lost touch with his working-class roots, accusing him of ordering mass arrests and starving Venezuelans while he and regime insiders — including the top military brass — line their pockets through corruption.

But Maduro shrugged off the label of "dictator," attributing it to an ideologically driven media campaign by the West to undermine the socialist revolution started by Chavez.

He said he won't resign, seeing his place in history alongside other Latin American leftists from Salvador Allende in Chile to Jacobo Arbenz in Guatemala who in decades past had been the target of U.S.-backed coups.

"I'm not afraid," he said, adding that even last year's attack on him with explosives-laden drones during a military ceremony didn't shake his resolve. "I'm only worried about the destiny of the fatherland and of our people, our boys and girls....this is what gives me energy."

United to fly nonstop from Portland Jetport to Denver

Courtesy / Portland International Jetport

Portland International Jetport announced on Thursday that United Airlines will start nonstop seasonal service from Portland to Denver this spring.

by Staff

United Airlines will start nonstop seasonal service from Portland International Jetport to Denver this spring, the Jetport announced on Thursday.

The weekend service will run from June 8 through Labor Day, providing easy connections through Denver to popular west coast destinations.

"We are thrilled to see United Airlines make this investment into Portland," said Paul Bradbury, the Jetport's director, in a news release.

He added: "We have been working with United to engage the Denver market and to increase our east-west connectivity. Given the strength of United's hub in Denver and the connection opportunities that exist, today's announcement does just that. We are grateful United chose to make getting to Maine much more flyer friendly."

Steve Jaquith, United's vice president of the Denver hub, said the carrier looks forward to connecting Portland customers to Denver and the hundreds of domestic and international destinations in United's network.

The new service will operate every Saturday and Sunday, with flights departing Denver at 8 a.m. and arriving in Portland at 1:54 p.m., and flights leaving Portland at 3:05 p.m. and landing in Denver at 5:40 p.m.

The news comes ahead of 2018 Jetport passenger traffic numbers due out next week.

In an interview at the Jetport last October, Bradbury told Mainebiz that he would like to add a customs facility at the Jetport, which would open up possibilities for international flights.

He also said the Jetport offers an "optimal" mix of carriers.

Frontier Airlines came to Portland last July and flies to Denver, Raleigh-Durham, N.C., as well as Fort Myers, Orlando and Tampa in Florida. United flies between the Jetport and Chicago O'Hare, Newark and Washington Dulles.

Breakingviews - UK throws drowning Huawei a European lifeline | Reuters

HONG KONG (Reuters Breakingviews) - Britain has thrown Huawei a European lifeline. The UK's National Cyber Security Centre has decided it can manage the risks from using the Chinese giant's kit to build next-generation 5G wireless networks, the Financial Times says. That would make London the first major power to challenge Washington's campaign against the telecoms equipment-to-smartphone maker. It may not be the last.

The intelligence body's conclusion, reported late on Sunday, underscores the complexity of ties between Huawei and its heterogeneous mix of European markets. More than half of the Chinese group's 22 commercial contracts for 5G are in Europe, Reuters reported in December. Since 2010, Britain has reviewed potential security hazards using a special facility owned by the Chinese firm but overseen by government and intelligence officials. That has enabled the Shenzhen-based company to emerge as a major supplier for domestic carriers including BT Group and Vodafone. Huawei says it has spent 1.3 billion pounds (\$1.65 billion) on investment and procurement in the UK alone over the last five years.

The U.S. offensive against Huawei, though, has tested that approach. Washington argues it presents a cyber espionage danger; earlier this year, the Justice Department indicted the company and its Chief Financial Officer Meng Wanzhou on charges related to alleged violations of U.S. sanctions and theft of trade secrets. Australia and New Zealand have already effectively excluded Chinese kit from their 5G networks. U.S. Secretary of State Mike Pompeo, meanwhile, has explicitly warned American allies in central Europe against using Huawei gear.

Implementing a ban across Europe, though, will be difficult. For one, most of the region's carriers already use Huawei for an estimated 40 percent of existing 4G equipment. Upgrading those networks with new gear from rivals like Nokia or Ericsson would mean more operational challenges, and cost. And as UK officials have pointed out, no evidence of spying has actually been found, making it difficult to justify a blanket ban. London receives U.S. intelligence under the auspices of the Five Eyes anglophone network. It has nonetheless offered governments in Germany and France a template on how to manage the Huawei risk. If others follow, the telecom behemoth's European ambitions can be kept.

Training

The Bureau of Industry and Security invites you to register for seminars in Detroit, MI, including the comprehensive 2-day Complying with U.S. Export Controls, and the 1-day How to Build an Export Compliance Program:

- Complying with U.S. Export Controls – 2 Days June 11-12, 2019 Detroit, MI

This two-day program is led by BIS's professional counseling staff and provides an in-depth examination of the EAR. The program will cover the information exporters need to know to comply with U.S. export control requirements on commercial goods. We will focus on what items and activities are subject to the EAR, steps to take to determine the export licensing requirements for your item, how to determine your export control classification number (ECCN), when you can export or reexport without applying for a license, export clearance procedures and record keeping requirements, and real life examples 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.

For registration, [CLICK HERE](#)

- How to Build an Export Compliance Program – 1 Day June 13, 2019 Detroit, MI

How to Build an Export Compliance Program is a one-day workshop that provides an overview of the steps a company may take to implement an internal Export Compliance Program. Developing and maintaining an export compliance program is highly recommended to ensure that export transactions comply with the EAR, and to prevent export control violations. Agenda topics include guidance on how to establish an Export Compliance Program, strategies to enhance your company's compliance program, how to avoid common compliance errors, and how to build a solid framework for your company's compliance program. This program includes small group discussion, hands-on exercises, compliance peer networking, and provides a written example of an export compliance program as well as the Office of Exporter Services January, 2018 revised Export Compliance Guidelines to assist in developing your compliance program. Recommended prerequisite: Essentials of U.S. Export Controls or Complying with U.S. Export Controls or equivalent experience.

For registration, [CLICK HERE](#)

Trump expected to issue new order laying groundwork to bar Chinese tech firms from U.S. networks

The Trump administration is poised to issue an executive order this week to secure American telecommunications networks, a move that's likely to result in the barring of Chinese tech firmssuch as Huawei, according to three U.S. officials.

The order, which President Trump is expected to sign by Friday, would give the commerce secretary broad powers to stop American companies from doing business with foreign suppliers.

In development for more than a year, it will lay out the administration's concern that foreign-owned or -controlled suppliers of equipment and services could compromise the security of the United States' phone and Internet infrastructure.

The pending announcement comes as U.S. officials continue to press their case with allies and other foreign countries that companies such as Huawei, which has close ties to the Chinese government, pose considerable risk to burgeoning high-speed telecom networks known as 5G.

Officials cautioned that last-minute snags could delay the new order, which has been expected since last summer. But they stressed that any holdups are not related to ongoing, high-level trade talks between Washington and Beijing aimed at ending the two countries' months-long trade war.

"This is a national security issue, not a trade issue," said one U.S. official, who, like two others interviewed for this article, spoke on the condition of anonymity to discuss internal deliberations. "We're not doing this to increase the leverage [with China]. This is on a separate track."



(*Continued On The Following Page)

The White House and the Commerce Department declined to comment. Huawei did not immediately respond to a request for comment.

The order, whose existence in draft form was first reported by The Washington Post in June, will not ban specific companies or countries, officials said. And though Huawei's presence in the United States already is limited, the regulations that result from the order, depending on how they are written, may have a considerable impact on China and Chinese-made technology, which U.S. officials have come to view with increasing alarm.

"This is crossing the Rubicon — asserting government power to block commercial transactions," said Clete Johnson, a former senior cybersecurity adviser at the Commerce Department and now a partner at Wilkinson Barker Knauer. "Just the authority itself could have enormous long-term implications in the U.S. and global markets, and in U.S.-China relations."

U.S. security officials have long voiced concerns about foreign risks to the nation's telecom networks, especially as advanced technologies have introduced vulnerabilities that make such systems more attractive targets for espionage and sabotage.

China in particular has raised concern, as it is the United States' near-peer in cyber-prowess and its top competitor in the race for global technological dominance. The Trump administration, building on its predecessor's actions, has become increasingly vocal in calling out Beijing for what officials describe as a long-running campaign of economic espionage and of forced technology transfers. It has brought criminal indictments against state-sponsored hackers and has publicly labeled China an economic predator that seeks to unfairly obtain advanced American technology.

Also troubling to U.S. officials is a 2017 law requiring Chinese firms to cooperate with Chinese intelligence services.

Major telecom companies such as AT&T and Verizon already bar Huawei equipment from their core networks, a response to concerns raised years ago by U.S. intelligence agencies. But officials say issuing the executive order now is a way to show the world that the United States is leading by example, taking decisive measures to protect the telecom supply chain.

"People look to the United States to see what kind of model we're following," the official said. "It's important for the rest of the world to see that we're doing this in a transparent way, using this as part of regulation."

(*Continued On The Following Column)

In issuing the order, Trump is expected, under authorities granted by the International Emergency Economic Powers Act, to declare a national emergency with respect to the supply chain threat. The Commerce Department, in consultation with the State and Homeland Security departments, will then have several months to develop rules needed to carry out the policy, though there may be interim guidance, officials said.

U.S. officials want the order finalized before they travel this month to the Mobile World Congress in Barcelona, where they are expected to renew calls to secure the international telecom supply chain. On Monday, Secretary of State Mike Pompeo, who is traveling in Europe, said the United States has a duty to alert other countries to the risk of using Huawei equipment. Speaking in Hungary, he warned that doing so "makes it more difficult for us to partner alongside them."

Even if U.S. carriers refrain from using components from Huawei or other foreign suppliers, their networks connect with other countries' systems, which might employ Huawei parts, said Suzanne Spaulding, a former senior Homeland Security official and now a senior adviser at the Center for Strategic and International Studies.

"Simply trying to prohibit insecure components is not the long-term solution," she said. "Rather, we need to be developing ways to be more resilient, to detect those components that have security risks and mitigate those risks."

Trump's expected order would come about 11 months after the Federal Communications Commission opened debate on proposed rules that could have the effect of banning equipment from Huawei and other Chinese telecom giants. The pending regulations target a nearly \$9 billion federal fund for expanding high-speed Internet access to the country's hardest-to-reach areas. Providers would lose access to the funds if they buy their equipment from companies "posing a national security threat," FCC Chairman Ajit Pai said in April, without explicitly mentioning Huawei or China.

Huawei nonetheless said that it had been "artificially restricted" in the United States by "unfounded allegations and suspicions based solely on misperceptions about Huawei's relationship with the government of China."

Rural broadband providers — many of which rely on the U.S. government's aid to build and sustain their networks — have expressed concern about the pending executive order and the FCC's efforts. The Rural Wireless Association, a lobbying group for the carriers, told the FCC that its members rely on Huawei equipment because it is less expensive. The group has said carriers' networks could become "collateral damage in a larger national security and trade debate."

(*Continued On The Following Page)

U.S. charges former Air Force intelligence specialist with conspiring to share classified information with Iran

By Matt Zapotosky
February 13 at 11:14 AM

A former Air Force intelligence specialist who defected to Iran has been charged with conspiring to provide U.S. defense information to representatives of that country's government, including the code name and mission of a highly classified program, the Justice Department announced Wednesday.

Monica Elfriede Witt, 39, a former counterintelligence officer, is accused of revealing the Defense Department program, the details of which are unclear, as well as helping Iranian intelligence services direct hacking and identity theft attempts at her military co-workers. She defected to Iran in 2013 and is believed to be abroad.

The Justice Department also charged four Iranian nationals with attempting to commit computer intrusion and aggravated identity theft in the case.

The announcement came just as Secretary of State Mike Pompeo and Vice President Pence prepared to welcome representatives from about 60 countries for a conference in Poland that was originally billed as a conference to pressure Iran on its missile testing and terrorism. The event, though, has received a tepid response abroad, as some objected to its anti-Iran focus.

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

FBI Offers Reward for \$65,000 of Stolen Energy Drinks

Be on the lookout for someone with a new trailer and a severe case of the caffeine jitters. The FBI has asked the public for help in tracking down a stolen trailer and its \$65,000 cargo of energy drinks. The trailer was stolen overnight between Feb. 2 and Feb. 3 in Tampa, Florida. The FBI is offering a \$2,000 reward for information that leads to the recovery of the caffeinated cargo. The truck's identification number is LRG 5347 and its license plate is 2277CS—agents suspect the merchandise is likely in South Florida.



NOTE: In accordance with Title 17 U.S.C. Section 107, this material is distributed without profit or payment for non-profit news reporting and educational purposes only.

Reproduction for private use or gain is subject to original copyright restrictions.

