



# EIB World Trade Headlines

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**FOR IMMEDIATE RELEASE**  
**Wednesday, January 11, 2023**

## **California-Based Company, Company President Pleads Guilty in Scheme to Violate the Export Control Act Chemicals manufactured or distributed in Rhode Island were earmarked to be exported to a company with ties to the Chinese military**

PROVIDENCE – Tao Jiang, the president and owner of Broad Tech System, Inc., a California-based electronics distribution company, today admitted to a federal judge in Providence that he and his company participated in a conspiracy to conceal information from the U.S. Department of Commerce and from U.S. Customs and Border Protection as part of a scheme to illegally export chemicals manufactured and/or distributed by a Rhode Island-based company to a technology company in China with ties to the Chinese military, announced United States Attorney Zachary A. Cunha.

Tao Jiang, aka Jason Jiang, 53, of Riverside, CA, and Broad Tech Systems, Inc., pleaded guilty as charged by way of indictment to conspiracy, violation of the Export Control Act, and money laundering conspiracy. Jiang and Broad Tech System admitted that they conspired together and with Bohr Winn-Shih, an engineer employed at Broad Tech System, to order the chemicals Photoresist and HPRD (Developer) from a North Kingstown-based manufacturer, then knowingly submitted false and misleading documentation to the U.S. Government and to shipping companies in an effort to have those products illegally shipped to a company in China, in violation of the Export Control Reform Act.

The intended recipient of the shipment, a state-owned Chinese entity in Nanjing, China, mainly engages in the manufacturing of electronic components and the research, development and production of core chips and key components in China's military strategic early warning systems, air defense systems, airborne fire control systems, manned space systems, and other national large-scale projects. Photoresist and HPRD are essential to the chip manufacturing process.

The Chinese company is on a U.S. government list of businesses that are not permitted to receive products manufactured in the United States.

In October 2018, the Customs and Border Protection National Targeting Center alerted the U.S. Department of Commerce (DOC) of an intended export of 58 gallons of Photoresist to the China-based company. The product was returned to the manufacturer. Several days after the shipment was halted, the Rhode Island manufacturer received a call from Jiang, acting on behalf of Broad Tech System, seeking to purchase 94 gallons of Photoresist, and asking that it be shipped to a different China-based company. The manufacturer communicated to DOC agents that they found this to be suspicious because they had not done business with Broad Tech in the past; the quantity of Photoresist ordered was unusually significant; and the request came just days after the first shipment had been recalled. It was determined by DOC agents that Jiang, Shih and Broad Tech concealed the intended recipient, and that the shipment's final destination was actually the Nanjing-based company controlled by the Chinese government.

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According to information presented to the court, on January 29, 2019, Broad Tech received a wire transfer of \$65,984 to its bank account within the United States, representing payment for the 58 gallons of Photoresist. It was determined that the wire transfer originated from an account controlled by the Nanjing, China-based company.

Jiang and Broad Tech System are scheduled to be sentenced on April 11, 2023. The defendants' sentences will be determined by a federal district judge after consideration of the U.S. Sentencing Guidelines and other statutory factors.

Bohr Winn-Shih, 65, of Ontario, CA, pleaded guilty on May 11, 2021. Winn-Shih was sentenced on August 3, 2021, to one year of probation.

The cases are being prosecuted by Assistant U.S. Attorney Paul F. Daly, Jr.

The matter was investigated by the U.S. Department of Commerce and U.S. Customs and Border Protection.

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## **Readout of Secretary Raimondo's Meeting with Indian Minister of Commerce and Industry Piyush Goyal 01/12/2023 09:20 AM EST**

**FOR IMMEDIATE RELEASE**  
**Thursday, January 12, 2023**  
**Office of Public Affairs**  
**[publicaffairs@doc.gov](mailto:publicaffairs@doc.gov)**

Yesterday, Secretary of Commerce Gina Raimondo met with India's Minister of Commerce and Industry Piyush Goyal in Washington, DC. The Secretary noted that she looked forward to co-leading the upcoming U.S.-India CEO Forum and Commercial Dialogue meetings with him in New Delhi this March. She also expressed her gratitude for India's hosting of the engagements.

The two also agreed on the importance of ensuring concrete follow-up of outcomes and discussed priority themes for the forum and dialogue, including supply chain resilience, enhancing energy security, inclusive digital economy, and post-pandemic economic recovery, especially for small and medium-sized enterprises. The Secretary also thanked the Minister for India's continued constructive engagement on the Indo-Pacific Economic Framework (IPEF) and for hosting the upcoming IPEF negotiating round for the Pillars relating to Supply Chains, Clean Energy, Decarbonization and Infrastructure, and Tax and Anti-Corruption in February. The Secretary also welcomed India's presidency of the G20 and looked forward to working with Minister Goyal and other officials to ensure a successful G20 year.

## **Secretary Raimondo Appoints Members of U.S. Travel and Tourism Advisory Board 01/12/2023 12:08 PM EST**

**FOR IMMEDIATE RELEASE**  
**Thursday, January 12, 2023**

**Office of Public Affairs**  
**[publicaffairs@doc.gov](mailto:publicaffairs@doc.gov)**

Board Advises the Secretary on Matters that Relate to the Travel and Tourism Industry in the United States

Today, Secretary of Commerce Gina Raimondo announced the appointments of 32 leaders from businesses and organizations in the domestic travel and tourism industry to the U.S. Travel and Tourism Advisory Board (TTAB). TTAB members advise the Secretary of Commerce on how government policies and programs affect the travel and tourism industry and offer counsel on current and emerging issues to support sustainable growth of the travel and tourism industry as our nation's economic engine.

"Travel and tourism returned with force in 2022 as we opened up our country once again to visitors from around the globe," said Secretary Raimondo. "Since day one of the Biden Administration, the Commerce Department has taken decisive actions to support this industry's recovery. The U.S. Travel and Tourism Advisory Board plays a vital role in providing expert recommendations and industry insight to optimize the American travel experience. I look forward to working with new and returning members."

TTAB was first chartered in 2003 and has been re-chartered nine times. Past boards have provided advice on a wide range of policies and issues, including travel facilitation, visa policy, infrastructure, aviation security, tourism research, climate and economic sustainability.

The membership for the 2023-2024 term of TTAB listed below includes representatives of state and regional economic development teams, businesses, and organizations:

- Reggie Aggarwal, Founder and CEO, Cvent
- Balram Bheodari, Aviation General Manager, Hartsfield-Jackson Atlanta International Airport
- Adam Burke, President and CEO, Los Angeles Tourism & Convention Board
- Brian Chesky, Cofounder and CEO, Airbnb
- Julie Coker, President and CEO, San Diego Tourism Authority
- Brad Dean, CEO, Discover Puerto Rico
- Christine Duffy, President, Carnival Cruise Line
- Fred Felleman, Commissioner, Port of Seattle
- Liz Fitzsimmons, Managing Director, Maryland Department of Commerce Office of Tourism and Film
- Matt Goldberg, President and CEO, Tripadvisor, Inc.
- Mufi Hannemann, President and CEO, Hawaii Lodging & Tourism Association
- Russ Hedge, President and CEO, Hostelling International USA
- Bill Hornbuckle, President and CEO, MGM Resorts International
- Peter Ingram, President and CEO, Hawaiian Airlines
- Stephanie Jones, Founder and CEO, Cultural Heritage Economic Alliance
- Andrew Leary, Director of Sustainable Tourism and Partnerships, Leave No Trace
- Eric Lipp, Founder and Executive Director, Open Doors Organization

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- Casandra Matej, President and CEO, Visit Orlando
- Peter Millones, Executive Vice President and General Counsel, Booking Holdings, Inc.
- Will Morey, President and CEO, The Morey Organization
- Tricia Primrose, Executive Vice President and Chief Global Communications & Public Affairs Officer, Marriott International
- Lana Ramos, Vice President, Marketing and Community Relations, Locally Grown Restaurants
- Carroll Rheem, Founder and CEO, iolite group
- Dan Richards, Founder and CEO, The Global Rescue Companies
- Adam Sacks, President, Tourism Economics
- John Sage, President, Accessible Travel Solutions
- Stephen Scherr, CEO, Hertz Corporation
- Greg Schulze, Senior Vice President, Strategic Travel Partners, Expedia
- Monica Smith, President and CEO, Southeast Tourism Society
- Jerry Tan, President and CEO, Tan Holdings
- Donald "D" Taylor, President, UNITE HERE

Peter van Berkel, President, Travalco USA, Inc.  
 The [National Travel and Tourism Office](#), housed within the Commerce Department's International Trade Administration, serves as the Executive Secretariat for the TTAB.

Questions and comments about the TTAB can be directed to [TTAB@trade.gov](mailto:TTAB@trade.gov)

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 DDTC has maintained on its regulatory calendar its plans to amend the ITAR's controls over semiconductors in paragraphs XI(c)(1) through (4). Best guess is that the rule will be changed to make it clear that semiconductors that are used in components of specific types of defense articles are per se ITAR controlled even when incorporated into 600 series items. See: <https://lnkd.in/g2GCK4AZ>

STATE RIN: 1400-AE73 Publication ID: Fall 2022  
 Title: International Traffic in Arms Regulations: USML Categories IV and XV

**Abstract:**

In response to public comments, the Department of State proposes to amend the International Traffic in Arms Regulations (ITAR) with respect to controls on launch vehicles, ballistic missiles and other items in Category IV of the United States Munitions List (USML) and spacecraft and related items in Category XV of the USML, to describe more precisely the articles warranting control on the USML.

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**US PERSON CONTROLS UNDER THE EAR**

In January 2021, BIS implemented its New Authorities over U.S. Person Activities in Support of "Military-Intelligence" End Uses  
 In [January 2021](#), BIS implemented its new ECRA section 4812(a)(2)(F) authority by creating new EAR section [744.6\(b\)\(5\)](#). As a result, and as amended, the EAR prohibit U.S. persons, wherever located, to "support" without a license a "military-intelligence end use" or a "military-intelligence end user" in Belarus, Burma, Cambodia, China, Russia, Venezuela, Iran, Cuba, North Korea or Syria.[3](#)

(\*Continued On The Next Column)

BIS also expanded the scope of the EAR's end-use controls by making it so that when a U.S. person knows that its activities "will support"—as opposed to the previous parameter of "will directly assist"—a covered WMD or military-intelligence application, then the activity is controlled. BIS made this change because new ECRA section [4813\(d\)\(1\)\(B\)](#) authorized it to implement controls on "activities that may support" the covered applications. The new definition of "support" is significantly broader than the previous "directly assist" phrase.

For unknown reasons, BIS has not implemented in the EAR ECRA's requirement to regulate U.S. person activities in support of "foreign maritime nuclear projects."

The EAR's U.S. Person Controls Include Controls over Services Provided by U.S. Persons

A common misunderstanding is that the EAR only control the export, reexport or transfer of commodities, software and technology. The only services, the thought often goes, that are controlled as such by export control regulations are "[defense services](#)" the International Traffic in Arms Regulations (ITAR) regulate. Although this distinction is usually correct, the EAR indeed do control provision by U.S. persons of services even when there are no items subject to the EAR involved. The first of these EAR service controls, and relevant to this alert, is a function of the EAR's broad definition of "support" in section [744.6\(b\)\(6\)](#), which means:

- i. "Shipping or transmitting from one foreign country to another foreign country any item not subject to the EAR you know will be used in or by any of the [covered catch-all] end uses or end users . . . including the sending or taking of such item to or from foreign countries in any manner;
- ii. Transferring (in-country) any item not subject to the EAR you know will be used in or by any of the [covered catch-all] end uses or end users;
- iii. **Facilitating** such shipment, transmission, or transfer (in-country); or
- iv. **Performing any contract, service, or employment** you know may assist or benefit any of the [covered catch-all] end uses or end users . . . including, but not limited to: Ordering, buying, removing, concealing, storing, using, selling, loaning, disposing, servicing, financing, transporting, freight forwarding, or conducting negotiations in furtherance of."

Thus, for example, the EAR impose licensing obligations on the provision by U.S. persons of any type of service that they know could "assist or benefit" something described in section 744.6, which will presumably include in 2023 foreign military, security and intelligence services in specific countries. Such new prohibitions could also include prohibitions on financing or even on conducting negotiations for the possible provision of services. Most think of such broad prohibitions on even conducting negotiations for an activity to be the type of prohibition the sanctions regulations the Treasury Department's Office of Foreign Assets Controls (OFAC) administer.

With respect to the prohibition on "[facilitating](#)" exports, reexports and transfers by others, BIS has not defined the term. In the context of the recent China-specific rules pertaining to semiconductor- and computing-related applications, however, [BIS interpreted](#) it and related "support" terms in section 744.6(c)(2) to be, with respect to foreign-made items not subject to the EAR, limited to (i) authorizing such shipments, (ii) conducting such shipments, or (iii) servicing such items. This is far narrower than [OFAC has interpreted](#) the term.

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Another services-specific prohibition in the EAR is that no person, whether U.S. or foreign, may, among other things, service any item that has been or about to be involved in a violation of the EAR. The EAR's prohibitions on acting with knowledge of a violation are described in EAR section [764.2\(e\)](#), which overlaps in scope the EAR's [General Prohibition 10](#).

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## Harvard's 'RoboBee' project lifts off as a surgical-tech company

By [Anissa Gardizy](#) Globe Staff, Updated January 10, 2023, 3:18 p.m.

Last month, technology from Harvard's RoboBee project was commercialized for the first time, spinning out as a surgical-robot startup. Lane Turner/Globe Staff

When Robert Wood came to Harvard University 17 years ago, he wanted to design an insect-sized robot that could fly.

You might wonder why anyone would ever need such a thing, but the engineering professor was intrigued by the technical challenge and how difficult it would be to pull off.

"Flight at small scales was at the time — and still is — a very hard problem," Wood said during a recent tour of his lab in Harvard's new Science and Engineering Complex in Allston. "How do we actually build the thing? How do we think about control for something that is unstable? All of these things individually are pretty significant challenges."

Wood has since become known for a two-wing flying robot, barely larger than a quarter, dubbed the "RoboBee," which represents years of advances in design, materials, and manufacturing. Last month, technology from the project was commercialized for the first time, spinning out as a surgical-robot startup backed by venture capital firm 1955 Capital.

RoboBee was funded by \$10 million in grants from the National Science Foundation. Its evolution into a company says a lot about how schools like Harvard are doing more to encourage entrepreneurship.

The RoboBee first took flight in 2012, connected to a tether that provided a power supply. In 2019, it became the [lightest object to take off and fly on its own](#). Wood noted that, despite its name, the RoboBee moves more like a fly, since it only has two wings; bees have four. (The name comes from the idea of coordinating the robots in a swarm.)

When it takes off, its little wings flap about 150 times per second, but a slowed-down video of the wings resembles a human treading water. Many wonder what tiny, flying robots that weigh less than one-tenth of a gram might be useful for. [Pollinating crops?](#) [Surveillance?](#) Wood said he never paid too much attention to that.

"It's never really been about, 'Oh, I'm going to start a company based upon this,'" he said. But that changed recently, he said, mostly because of a growing push at Harvard to move research from its labs into the real world.

"When I first started, that mindset wasn't as prominent as it is today," he said. "Now, you look around and you see things all over the place within Harvard and MIT... The younger generation of students that come in have already started companies."

The RoboBee project is part of Harvard's [Wyss Institute](#) — where Wood is an associate faculty member — which focuses on licensing bio-inspired technology and spinning out companies. And Harvard's John A. Paulson School of Engineering and Applied Sciences, which houses Wood's lab, [launched an accelerator program](#) in September.

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Wood was connected to venture capitalist and Harvard alum Andrew Chung by the school's SEAS dean, Frank Doyle, during the pandemic. The managing partner of 1955 Capital said he's been investing in surgical-robotics companies for the past decade.

"The one key thing that we have been dreaming about is how we can make the robotic arms a lot smaller," Chung said. "Not necessarily what other VCs might be thinking, which is maybe 15 to 20 percent smaller. We're thinking 90 percent smaller."

Chung noticed how the RoboBee was designed and manufactured — Wood got his inspiration from origami and children's-book layering and folding techniques — and thought it could help make better small-scale surgical robots.

"Thinking about how to shrink these devices to insect size or smaller opens up a whole range of possibilities that even surgeons haven't quite imagined," Chung said.

For now, the startup is called Project 1985, a reference to the year the first robotic-assisted surgery took place. The company will initially focus on neurosurgery, urology, and lung surgery. Wood will serve as an advisor.

Back at Harvard, Wood is still working on ways to make the RoboBee fly more smoothly. And students in his lab are building legs that will allow the robot to land without crashing.

"It might sound like something we should have gotten to a long time ago," Wood said.

Though the RoboBee itself won't become a surgical robot, it seems to have taken on a life of its own. Wood's lab is decorated with stickers and posters of a bug, with the Harvard shield as the body, and wings and legs on either side. A decal on the front door has black Converse sneakers taped to the bug's feet, an homage to Wood's daily attire.

Wood said the shoes must have been added by his students. "I didn't draw that conclusion until recently," he said.

Robert Wood holds a quarter for scale next to a RoboBee. Lane Turner/Globe Staff

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## U.S. Department of State and Amazon Team Up to Support Women Entrepreneurs and Increase Educational Opportunities in Mexico 01/09/2023 08:26 AM EST

### Office of the Spokesperson

With the North American Leaders' Summit getting underway this week in Mexico City, the U.S. Department of State's Bureau of Educational and Cultural Affairs (ECA) and Amazon announced today a new public-private partnership in support of the Academy for Women Entrepreneurs (AWE) program in Latin America and American Spaces in Mexico. This new public-private partnership, launching during the U.S.-Mexico's bicentennial of bilateral relations, will support the Department and Amazon's shared priorities toward promoting gender equity, economic competitiveness, education, and development.

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Now operating in more than 100 countries, the Department established AWE in 2019 to provide women entrepreneurs the knowledge, networks, and access they need to launch or scale successful businesses. Amazon will help provide program support for this year's AWE participants in southern Mexico, including pitch competition seed funds and access to Amazon learning products for more than 100 women entrepreneurs. Amazon's contribution will also support AWE participants in Brazil. In addition, the Department and Amazon will expand the reach and impact of American Spaces in Mexico. American Spaces – a vital U.S. diplomatic tool – are open-access learning and gathering places around the world that promote interaction between local communities and the United States. There are more than 570 American Spaces in 130 countries worldwide.

This public-private partnership aligns with the United States' National Strategy on Gender Equity and Equality and the U.S. Strategy on Global Women's Economic Security by promoting women's leadership and expanding education and economic development opportunities for underserved communities in southern Mexico and Brazil.

Amazon's partnership with the Department reflects its long-standing commitment to strengthen the sustainability of local communities and actively promote women's leadership in the workplace, marketplace, and community.

For more information, please contact the [ECA-Press@state.gov](mailto:ECA-Press@state.gov). Follow [@ECAatState](https://twitter.com/ECAatState) on social media for updates and highlights of the programs.

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## Readout of Deputy Secretary Graves' Meeting with Japan's Minister for Digital Transformation Taro Kono

01/11/2023 05:05 PM EST

**FOR IMMEDIATE RELEASE**  
**Wednesday, January 11, 2023**  
**Office of Public Affairs**  
[publicaffairs@doc.gov](mailto:publicaffairs@doc.gov)

Today, Deputy Secretary of Commerce Don Graves met Japan's Minister for Digital Transformation Taro Kono in Washington, DC. The two leaders discussed the digital agenda for Japan's G7 presidency in 2023 and a proposal to operationalize Japan's concept for Data Free Flow with Trust (DFFT), a G20-endorsed guiding principle for international cooperation on cross-border data flows. The Deputy Secretary raised the Global Cross-Border Privacy Rules (CBPR) Forum and the Organization for Economic Cooperation and Development (OECD) Trusted Government Access process as two examples of the DFFT principle in action. The two also discussed areas of bilateral cooperation such as ORAN (Open Radio Access Networks) and cybersecurity, as well as U.S.-Japan cooperation on supporting digital transformation in developing countries in Africa, the Indo-Pacific, Eastern Europe and Central Asia, and Latin America and the Caribbean.

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## China halts visas for Japan, South Korea in COVID-19 spat

Chinese embassies suspended issuing new visas for South Koreans and Japanese on Tuesday in apparent retaliation for COVID-19 testing requirements recently imposed by those countries on travelers from China.

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## China's trade surplus swells to \$877.6 billion as exports grow

By **JOE McDONALD** The Associated Press, Updated January 13, 2023, 12:09 a.m.

BEIJING (AP) — China's trade surplus swelled to a record \$877.6 billion last year as exports rose despite weakening U.S. and European demand and anti-virus controls that temporarily shut down Shanghai and other industrial centers.

Exports increased 7% from a year earlier to \$3.95 trillion, decelerating from 2021's explosive 29.9% gain, customs data showed Friday. Imports edged up 1.1% to 2.7 trillion, cooling from the previous year's 30.1% rise as economic growth slowed and consumer spending weakened.

The country's politically volatile global trade surplus expanded by 29.7% from 2021's record, already the highest ever for any economy. "China's foreign trade and exports showed strong resilience in the face of many difficulties and challenges," said a customs agency spokesperson, Lu Daliang, at a news conference.

Export growth slumped late in the year after the Federal Reserve and other central banks raised interest rates to cool record-setting inflation by slowing economic activity.

December exports fell for a third month, contracting by 10.1% from a year earlier to \$306.1 billion. That was bigger than November's 9% slide.

Last year's exports to the United States edged up 1% over 2021 to \$581.8 billion despite tariff hikes by President Joe Biden's predecessor, Donald Trump, that still are in place on many goods. Chinese imports of American goods declined 1% to \$177.6 billion.

China's annual trade surplus with the United States, one of the irritants that prompted Trump to hike tariffs, widened by 1.8% from 2021 to \$404.1 billion.

Forecasters expect Chinese export growth to weaken further as the possibility of recession in Western economies increases. Some expect this year's exports to shrink.

"China's exports are likely to contract until the middle of the year," Julian Evans-Pritchard of Capital Economics said in a report this week.

Earlier in 2022, trade also was hampered by anti-virus controls that shut down Shanghai and other industrial centers in March for up to two months, disrupting manufacturing and global shipping.

In December, exports to the United States fell 19.5% from a year earlier to \$301.1 billion. Imports of American goods shrank 7.3% to \$228.1 billion. That produced a \$78 billion surplus, down 17.5% from a year earlier.

Exports to the 27-nation European Union tumbled 39.5% to \$43.6 billion. Imports of European goods fell 31.3% to \$24 billion. China's trade surplus with Europe fell 50% to \$19.6 billion.

"Downward pressure on the world economy is increasing," warned the customs agency's Lu.

Also in December, Chinese imports from Russia, mostly oil and gas, rose 8.3% over a year earlier to \$9 billion.

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China, the biggest global energy consumer, has stepped up purchases from Russia to take advantage of price discounts after Washington, Europe and Japan cut imports to punish President Vladimir Putin's government for its attack on Ukraine.

China can buy Russian oil and gas without triggering Western sanctions, but Biden has warned Beijing against helping Moscow's military. China bought about 20% of Russia's crude exports in 2021 and increased that last year.

China's December imports of oil, food, industrial components and consumer goods shrank 7.3% to \$228.1 billion.

Business and consumer activity is starting to rebound following the ruling Communist Party's surprise decision to lift anti-virus controls that kept millions of people at home and blocked most travel into and out of China.

Activity has been temporarily dampened by a surge in COVID-19 infections that forced some factories, restaurants and other businesses to close due to lack of healthy workers. Wary consumers are returning only gradually to shopping malls and restaurants.

The economy also is under pressure from tighter controls on debt, which triggered a slump in the country's vast real estate industry.

Manufacturing activity weakened in December and new export orders contracted for a fifth month, according to a survey by a leading business magazine, Caixin. Auto sales fell 6.7% from a year earlier. Housing sales and retail spending are down.

Authorities say the peak of the infection wave might have passed in Beijing and other major cities.

A revival in Chinese demand would be a boost to global suppliers at a time when U.S., Europe and Japanese sales are weakening. China is the biggest export customer for its Asian neighbors and a key consumer market.

Economists say the only comparison for China's vast trade surplus as a percentage of its economy was Saudi Arabia and other oil exporters during their 1970s price boom, but their total revenues were smaller.

The swollen surplus has strained the ability of China's central bank to manage the exchange rate of its yuan, which rose to multi-year highs against the U.S. dollar as money flowed into the country.

The People's Bank of China responded by ordering banks to keep the exchange rate stable and trying to limit the ability of traders to speculate on the currency's movement.

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**With FBI search, US escalates global fight over Chinese police outposts - By Megha Rajagopalan and William K. Rashbaum New York Times, Updated January 12, 2023, 4:41 p.m.**

The nondescript, six-story office building on a busy street in New York's Chinatown lists several mundane businesses in its lobby directory, including an engineering company, an acupuncturist, and an accounting firm.

A more remarkable enterprise, on the third floor, is unlisted: a Chinese outpost suspected of conducting police operations without jurisdiction or diplomatic approval — one of more than 100 such outfits around the world that are unnerving diplomats and intelligence agents.

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FBI counterintelligence agents searched the building last fall as part of a criminal investigation being conducted with the US attorney's office in Brooklyn, according to people with knowledge of the inquiry. The search represents an escalation in a global dispute over China's efforts to police its diaspora far beyond its borders. Irish, Canadian, and Dutch officials have called for China to shut down police operations in their countries. The FBI raid is the first known example of authorities seizing materials from one of the outposts.

Those who discussed the FBI search did so on condition of anonymity because they were not authorized to discuss the matter. The Chinese Embassy in Washington on Wednesday played down the role of the outposts, saying they are staffed by volunteers who help Chinese nationals perform routine tasks like renewing their driver's licenses back home.

But Chinese state news media reports reviewed by the New York Times cite police and local Chinese officials by name describing the operations very differently. They tout the effectiveness of the offices, which are frequently called overseas police service centers. Some reports describe the Chinese outposts "collecting intelligence" and solving crimes abroad without collaborating with local officials. The public statements leave it murky who exactly is running the offices. Sometimes they are referred to as volunteers; other times as staff members or, in at least one case, the director.

Some of those online articles have been deleted recently as Western officials and human rights groups have called attention to the police offices.

Western officials see the outposts as part of Beijing's larger drive to keep tabs on Chinese nationals abroad, including dissidents. The most notorious such effort is known as Operation Fox Hunt, in which Chinese officials hunt down fugitives abroad and pressure them to return home.

At least four Chinese localities — Fuzhou, Qingtian, Nantong, and Wenzhou — have set up dozens of police outposts, according to state media accounts and public statements published in China. They identify sites in Japan, Italy, France, Britain, Germany, Hungary, the Czech Republic, and other nations.

"It's extremely worrying from the human rights perspective. We're essentially allowing the Chinese diaspora to be controlled by the PRC rather than subject to our national laws," said Igor Merheim-Eyre, an adviser to a Slovakian member of the European Parliament, using the acronym for the People's Republic of China. "That obviously has a huge impact — not only for our relations with the Chinese diaspora across Europe, but also has huge implications for national sovereignty."

The New York outpost, which was set up by the city of Fuzhou, is based in the offices of a Chinese community organization, the America Changle Association NY, according to the state-run China Youth Daily, which last year published a document listing various police outposts. Changle is a district in the city of Fuzhou. The article has since been deleted. Other addresses of Chinese police outposts match locations of private businesses, including Chinese restaurants and commercial associations. The Chinese embassy in Washington described the spaces as "provided by local overseas Chinese communities who would like to be helpful."

America Changle is headed by Lu Jianshun, known as Jimmy Lu, a donor to Mayor Eric Adams of New York. It is unclear whether he is a focus of the FBI's investigation. A spokesperson for Adams said the mayor does not know him.

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Lu, asked during a brief phone conversation about the FBI search, said he would call back but did not. He did not respond to telephone and text messages seeking comment. Spokesmen for the FBI and the US attorney's office in Brooklyn declined to comment, but FBI Director Christopher A. Wray told lawmakers in November that he was aware of and concerned by the outposts, which he called police stations.

The Chinese Embassy in Washington said the sites are not police stations. "They are not police personnel from China," said the embassy spokesperson, Liu Pengyu. "There is no need to make people nervous about this."

It is not automatically inappropriate for police officers to work overseas. The FBI, for example, posts agents abroad. But they typically declare themselves to the foreign government and work out of US embassies. If they perform law enforcement duties, it is with the permission of local authorities. China has made similar arrangements for joint patrols in places like Italy, a popular destination for Chinese tourists.

That makes the off-the-books operations all the more curious.

China's Foreign Ministry has said little in response to the criticism, but back in China, police departments have trumpeted their reach and information-gathering powers both in official statements and in the state news media.

The state-run China News Service said Qingtian's overseas police centers gathered information on public opinion and the sentiment of Chinese people living abroad.

An article posted by a Communist Party body in Jiangsu province said that Nantong City Overseas Police Linkage Service Centers had helped capture and persuade more than 80 criminal suspects to return to China since February 2016. The human rights group Safeguard Defenders said in a report late last year that the police stations carried out similar operations in Serbia, Spain, and France.

It is not clear what the FBI was investigating during its search, but it comes amid a broader Justice Department effort to rein in Fox Hunt. In October, prosecutors in Brooklyn — the same office that searched the New York office — charged seven Chinese nationals with harassing a US resident and his son, pressuring the man to return to China to face criminal charges.

"It's outrageous that China thinks it can come to our shores, conduct illegal operations and bend people here in the United States to their will," Wray said in 2020, after authorities charged eight others with being part of Fox Hunt.

The Chinese government has also surveilled and pressured ethnic minorities abroad, including Uyghurs and Tibetans, as well as their families. Human rights groups and government officials fear that the outposts could be bases for these kinds of operations.

Current and former law enforcement officials in New York say that the Chinatown outpost, like others elsewhere in the United States, dates to the middle of the past decade. Police officials in at least one Chinese province tried then to arrange for their officers to train with the New York Police Department and other departments in cities that are home to large Chinese communities, law enforcement officials said.

The Chinese officials wanted the NYPD to sign a memorandum of understanding to outline the training program and make it official. But senior commanders and New York FBI officials had serious concerns. They feared that the training program could legitimize the presence of Chinese officers and potentially make the NYPD an unwitting partner in a campaign of surveillance and harassment, officials said.

*(\*Continued On The Following Column)*

"The Chinese government wants to have more influence and to extend their transnational policing," said Chen Yen-ting, a Taiwan-based researcher who worked on the Safeguard Defenders report. "It's a long-arm power to show their own citizens inside China that their government is so strong. We have the power to reach globally, and even if you go out, you're still under our control."

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## **New Sanctions Targeting Iran's UAV and Ballistic Missile Industries**

### **Press Statement**

**Antony J. Blinken, Secretary of State**

**January 6, 2023**

The United States has designated seven individuals in leadership positions with Qods Aviation Industries (QAI), an Iranian defense manufacturer responsible for the design and production of unmanned aerial vehicles (UAVs), and of Iran's Aerospace Industries Organization (AIO), the main organization responsible for overseeing Iran's ballistic missile programs.

Today's action is pursuant to E.O. 13382 and follows our designations in September and November of individuals and entities involved in the production and transfer of Iranian Shahed- and Mohajer- series UAVs, which Moscow continues to use in its brutal attacks against Ukraine, including its critical infrastructure.

The Iranian regime's military support to Russia not only fuels the conflict in Ukraine but has also resulted in violations of UN Security Council resolution 2231 through its provision of military UAVs without advance, case-by-case approval of the UN Security Council. Iran has now become Russia's top military backer. Iran must cease its support for Russia's unprovoked war of aggression in Ukraine, and we will continue to use every tool at our disposal to disrupt and delay these transfers and impose costs on actors engaged in this activity.

For more information on today's action, please see the Department of the Treasury's press release.

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## **Treasury Sanctions Suppliers of Iranian UAVs Used to Target Ukraine's Civilian Infrastructure**

**January 6, 2023**

**Degraded by Western Sanctions, Russia Turns to Iran for Military Support**

WASHINGTON — Today, the U.S. Department of the Treasury's Office of Foreign Assets Control (OFAC) is designating six executives and board members of U.S. designated Qods Aviation Industries (QAI), a key Iranian defense manufacturer responsible for the design and production of unmanned aerial vehicles (UAVs). Iran has transferred these UAVs for use in Russia's unprovoked war of aggression in Ukraine. OFAC is also updating QAI's entry on the Specially Designated Nationals and Blocked Persons List (SDN List) to include its new alias, Light Airplanes Design and Manufacturing Industries. Finally, OFAC is designating the director of Iran's Aerospace Industries Organization (AIO), the key organization responsible for overseeing Iran's ballistic missile programs.

*(\*Continued On The Following Page)*

“We will continue to use every tool at our disposal to deny Putin the weapons that he is using to wage his barbaric and unprovoked war on Ukraine,” said Secretary of the Treasury Janet L. Yellen. “The Kremlin’s reliance on suppliers of last resort like Iran shows their desperation in the face of brave Ukrainian resistance and the success of our global coalition in disrupting Russian military supply chains and denying them the inputs they need to replace weapons lost on the battlefield. The United States will act swiftly against individuals and entities supporting Iran’s UAV and ballistic missile programs and will stand resolutely in support of the people of Ukraine.”

Treasury is acting today pursuant to Executive Order (E.O.) 13382, “Blocking Property of Weapons of Mass Destruction Proliferators and Their Supporters.” It follows the December 9, 2022, November 15, 2022 and September 8, 2022 designations of individuals and entities involved in the production and transfer of Iranian Shahed- and Mohajer-series UAVs, which Moscow is using in attacks targeting Ukraine’s critical infrastructure.

### **QAI Name Change**

QAI, which is involved in the production of UAVs and is overseen by Iran’s Ministry of Defense and Armed Forces Logistics (MODAFL), was designated pursuant to E.O. 13382 on December 12, 2013. MODAFL and the U.S.-designated Islamic Revolutionary Guard Corps (IRGC) contract with QAI for aviation and air defense-related projects, most notably the design and manufacture of the Mohajer-6 UAVs that have been transferred to Russia for use in its unprovoked war of aggression in Ukraine. As a result of its role producing UAVs supplied to Russia, QAI was also designated pursuant to E.O. 14024, “Blocking Property With Respect To Specified Harmful Foreign Activities of the Government of the Russian Federation,” on November 15, 2022.

As of mid-2020, QAI has operated under its new alias, Light Airplanes Design and Manufacturing Industries. As QAI and its affiliated individuals and entities continue to engage in sanctions evasion such as procurement of sensitive UAV parts and technology and proliferation of these UAVs, OFAC is updating QAI’s entry on the SDN List to add Light Airplanes Design and Manufacturing Industries as an alias used by QAI.

### **QAI Executives**

Seyed Hojatollah Ghoreishi (Ghoreishi) serves as the Chairman of the Board of Directors of QAI. As the head of the Supply, Research, and Industry Affairs section of MODAFL, and Deputy Minister of Defense, he has led Iran’s military research and development efforts and was responsible for negotiating Iran’s agreement with Russia for the supply of Iranian UAVs for Russia’s war in Ukraine.

Ghoreishi is being designated pursuant to E.O. 13382 for acting or purporting to act for or on behalf of, directly or indirectly, both MODAFL and QAI.

Ghassem Damavandian (Damavandian) is the Managing Director of QAI and a member of the firm’s board. In his role as Managing Director, Damavandian has likely facilitated QAI’s supply of UAVs to Iranian military services in addition to training Russian personnel on the use of QAI-manufactured UAVs.

Damavandian is being designated pursuant to E.O. 13382 for acting or purporting to act for or on behalf of, directly or indirectly, QAI.

*(\*Continued On The Following Column)*

Hamidreza Sharifi-Tehrani (Sharifi-Tehrani) has served as a primary member of the Board of Directors of QAI. He has traveled for international conferences related to UAVs and has undoubtedly been involved in the supply of UAVs and related equipment to Iranian military services. Reza Khaki (Khaki), Majid Reza Niyazi-Angili (Niyazi-Angili), and Vali Arlanizadeh (Arlanizadeh) have also served as members of the Board of Directors for QAI.

Sharifi-Tehrani, Khaki, Niyazi-Angili, and Arlanizadeh are all being designated pursuant to E.O. 13382 for acting or purporting to act for or on behalf of, directly or indirectly, QAI.

### **AIO Director**

Nader Khoon Siavash (Siavash) is the Director of AIO, the U.S. designated organization that oversees Iran’s ballistic missile programs. In his role as AIO Director, Siavash oversees AIO’s ballistic missile production and testing and deals with international suppliers. AIO was sanctioned under E.O. 13382 on June 28, 2005. Iran’s Central Bank has siphoned millions in discounted foreign currency — ostensibly earmarked for importers of essential goods — to AIO per year, underscoring the regime’s prioritization of its missile programs at the expense of its own citizens.

Siavash is being designated pursuant to E.O. 13382 for acting or purporting to act for or on behalf of, directly or indirectly, AIO. Sanctions Implications

As a result of today’s action, all property and interests in property of the individuals and entities that are in the United States or in the possession or control of U.S. persons must be blocked and reported to OFAC. In addition, any entities that are owned, directly or indirectly, 50 percent or more by one or more blocked persons are also blocked. OFAC sanctions generally prohibit all dealings by U.S. persons or within the United States (including transactions transiting the United States) that involve any property or interests in property of blocked or designated persons.

In addition, persons that engage in certain transactions with the individuals or entities designated today may themselves be exposed to sanctions. Furthermore, any foreign financial institution that knowingly facilitates a significant transaction or provides significant financial services for any of the individuals or entities designated today pursuant to E.O. 13382 could be subject to U.S. sanctions.

The power and integrity of OFAC sanctions derive not only from OFAC’s ability to designate and add persons to the SDN List but also from its willingness to remove persons from the SDN List consistent with the law. The ultimate goal of sanctions is not to punish but to bring about a positive change in behavior. For information concerning the process for seeking removal from an OFAC list, including the SDN List, please refer to OFAC’s FAQ 897.

Identifying information on the individuals and entities designated today.

<https://home.treasury.gov/news/press-releases/jy1182>



## Russia Claims Success in Ukraine's Soledar

Russia claimed Wednesday its first significant success in Ukraine since July, seizing most of the eastern town of Soledar after weeks of heavy fighting led by the Wagner private military company.

Wagner's owner, Yevgeny Prigozhin, said that, while the entire territory of the town is under his fighters' control, street battles with the encircled remainder of Ukrainian forces are continuing in the downtown area.

Ukrainian officials acknowledged Wagner's recent advances in Soledar, a resort town of salt mines with a prewar population of 10,000 people, but denied that it had fallen.

-See January 11, 2023, Wall Street Journal

<https://www.wsj.com/news/author/yaroslav-trofimov>

### **MISSION STATEMENT:**

***Given the geopolitical state of affairs with China, Russia, and Crimea, the Occupied territories of UKRAINE, Donetsk and Luhansk Oblast, embargoed countries and other specific threatening end users and entities, located in the United States and around the globe;***

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