



EIB World Trade Headlines

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**FOR IMMEDIATE RELEASE BUREAU OF INDUSTRY AND
SECURITY**

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**Commerce Increases Restrictions on U.S. Exports to Russian Industrial
and Commercial
Sectors**

**SCHEDULE B CODES INVOLVED IN NEW RUSSIAN
SANCTIONS HERE:**

<https://www.federalregister.gov/documents/2022/05/11/2022-10099/expansion-of-sanctions-against-russian-industry-sectors-under-the-export-administration-regulations>

*(*Continued On The Following Page)*

NEWSLETTER NOTES

- Deputy Secretary Graves Meets with...

- Russia Struggles Under Unprecedented...

- Americans Support Sanctions on Russia

- Russian Oil Ban

- Phasing Out Russian Oil Imports

- EU TO BAN RUSSIAN NEWS

- China Efforts to Amplify the Kremlin's

- U.S. Attorney General Merrick B. Garland's

- \$300 Million Yacht of Sanctioned Russian

United States and G7 Partners

WASHINGTON - The Commerce Department's Bureau of Industry and Security (BIS) released a rule (link here) building on its March 3, 2022, Russian Industry Sector Sanctions rule (link here) by expanding the scope of items subject to stringent license requirements. The items now subject to license requirements support a wide range of commercial and industrial operations, from wood products to construction machinery, and are consistent with existing restrictions on similar items put in place by the European Union (EU). Today's action furthers international coordination in response to Russia's brutal and illegal invasion of Ukraine and will further deprive Russia's government of additional tools, equipment, and resources it needs to support activities that generate revenues that sustain its military aggression.

"It is clear that "Fortress Russia" is crumbling. There are reports of Russia's inability to replenish and repair Putin's war machine due to a failure to obtain the inputs and finished products necessary to support local production," said Secretary of Commerce Gina M. Raimondo. "Today's action further demonstrates the shared resolve of the U.S. and our allies and partners to deny the Russian military the resources and revenue it needs to continue its atrocities against the people and communities of Ukraine."

"From the start of Russia's assault on Ukraine, the U.S. has taken action in close coordination with our like-minded partners and today's action continues that coordination in solidarity with Ukraine," said Deputy Secretary of Commerce Don Graves. "Today's action continues to slam the door on Russia's access to the global economy."

"A major military campaign is reliant on a strong industrial base and the ability to quickly and effectively resupply," said Under Secretary of Commerce for Industry and Security Alan Estevez. "Today's action continues our close and powerful coordination with our allies and partners to restrict access to the inputs and items needed to repair, resupply, and support its military and thereby to degrade Putin's war efforts."

"The United States continues to be closely aligned with our international partners in support of Ukraine," said Assistant Secretary of Commerce for Export Administration Thea D. Rozman Kendler. "Our alignment began even before Russia's invasion and has only strengthened in the face of Putin's relentless assault on Ukraine's people and communities, as well as our shared values."

Deputy Secretary Graves Meets with Governor Pierluisi, Highlights Commerce Department's Economic Development and Digital Equity Programs in Puerto Rico

FOR IMMEDIATE RELEASE

Friday, April 29, 2022

As part of the Biden-Harris Administration's ongoing commitment to Puerto Rico, Deputy Secretary of Commerce Don Graves visited the island from April 21-22. This visit represents the latest in a series of high-level U.S. government officials travelling to the island, focusing on supporting Puerto Rico's long-term recovery and resilience – an important priority for President Biden.

While there, Deputy Secretary Graves met with the Governor of Puerto Rico Pedro Pierluisi in addition to a wide range of local leaders and stakeholders to discuss how the federal government and Puerto Rico can work together to advance a shared economic development agenda in partnership with the people of Puerto Rico.

"Puerto Rico and the over three million Americans living there are an essential piece of the diverse mosaic that makes up our nation and keeps our economy moving forward into the 21st century. That's why the Biden-Harris Administration is providing unprecedented federal funds and technical assistance to the island, presenting a unique opportunity to maximize impact and support long-term, sustainable growth and development," said Deputy Secretary Don Graves.

"I want to underscore how the support Puerto Rico is receiving from the Biden-Harris Administration has been fundamental to the island's ongoing economic recovery. These impactful visits give us an opportunity to align our strategies and reinforce alliances that will bolster Puerto Rico's growth for future generations to come. We look forward to continuing to work with this Administration to provide better opportunities and quality of life to the American citizens of Puerto Rico," said governor Pierluisi.

"We are excited to build on our Administration's efforts since day one to support the recovery and economic revitalization of Puerto Rico. From rebuilding schools to providing needed financial relief to families on the island, we look forward to strengthening our relationship with the Government of Puerto Rico as we invest Federal resources in the long-term economic growth for the people of Puerto Rico," said White House Director for Intergovernmental Affairs Julie Chavez Rodriguez who along Assistant Secretary of Commerce for Economic Development Alejandra Castillo joined Deputy Secretary Graves during the trip.

Together, they met with public and private groups to discuss challenges and recommendations for economic growth on the island. This included a Build Back Better Regional Challenge (BBBRC) Coalition Conversation consisting of a tour and roundtable with the Puerto Rico Department of Economic Development and Commerce (DDEC) – a BBBRC Finalist. The Commerce Department will ultimately award 20-30 regional coalitions between \$25 and \$100 million to implement 3-8 projects that support an industry sector.

“Thanks to President Biden’s American Rescue Plan, EDA’s programs are helping this beautiful island community to build back better from the pandemic while enhancing U.S. competitiveness on the global stage and addressing some of our country’s biggest challenges here at home,” Deputy Secretary Graves continued. “The groundbreaking Build Back Better Regional Challenge, the marque of EDA’s ARP programs, strives to build on this momentum through close cooperation with our regional partners in order to expand and scale new industry sectors and transform local economies across the nation.”

“The Build Back Better Regional Challenge is helping to drive place-based, cluster oriented, transformational economic development here in Puerto Rico and across our nation,” said Assistant Secretary of Commerce for Economic Development Alejandra Castillo. “We are honored to visit and to hear how the coalition came together and could serve as a model for future collaborations.”

In addition to these key engagements, the Deputy Secretary also convened with public and private sector officials at the Center for a New Economy (CNE) think tank. Representatives from Puerto Rico Manufacturers Association, the Chamber of Commerce and NGO leaders in education, energy, housing, and telecommunications explained their goals for digital equity and economic development on the island as a part of this meeting.

Deputy Secretary Graves remarked: “CNE’s research has provoked important discussions on key issues related to Puerto Rico and was among the first voices to point out the need to address the island’s deteriorating fiscal situation, restructure the island’s outdated energy utility, and find new and transformative economic strategies for Puerto Rico.”

Bureaus and Offices

[Economic Development Administration](#)

Russia Struggles Under Unprecedented Wave of Hacking Attacks, Puncturing the Myth of Moscow’s Unassailable Cyber-Superiority

Prolific Russian ransomware groups had pledged to step up attacks on American infrastructure if Russian technology was hobbled in retribution for the invasion of Ukraine. But in the third month of the war, Russia, not the United States, is dealing with a cyber-assault involving government activity, political voluntarism and criminal action.

Big Majority of Americans Support Sanctions on Russia, aid to Ukraine, Poll Finds

A Washington Post-ABC News poll finds Americans are stalwart in their support of Ukraine two months after Russia launched its invasion of the country, with a large, bipartisan majority supporting increased sanctions against Russia and most also backing military and humanitarian support for Ukrainians. At the same time, 72 percent oppose the U.S. taking direct military action against Russian forces, while 21 percent support the idea. Even among those who say the United States is doing too little to support Ukraine, 57 percent oppose direct military action, something President Biden has said is off the table, repeatedly warning that such a move could lead to “World War III.”

EU Leader calls for Russian Oil Ban in New Set of Sanctions

May 4, 2022:30 AM ETBRUSSELS – The European Union's top official on Wednesday called on the 27-nation bloc to ban oil imports from Russia in a sixth package of sanctions targeting Moscow for its war in Ukraine.

European Commission President Ursula von der Leyen also proposed that Sberbank, Russia's largest bank, and two other major banks be disconnected from the SWIFT international banking payment system. <https://www.npr.org/2022/05/04/1096545061/eu-leader-calls-for-russian-oil-ban-in-new-set-of-sanctions>

EU Proposes Phasing Out Russian Oil Imports by Year’s End

The plan, which could be approved as early as this week, is less ambitious than the immediate ban some countries wanted, but it still represents a dramatic shift for the 27-nation bloc, which in March told the United States it couldn’t join a Russian energy embargo.

EU TO BAN RUSSIAN NEWS

We are banning three big Russian state-owned broadcasters from our airwaves. They will not be allowed to distribute their content anymore in the EU, in whatever shape or form be it on cable, via satellite, on the internet or via smartphone apps."

She didn't name the broadcasters directly, but branded the television channels "as mouthpieces that amplify Putin's lies and propaganda aggressively. We should not give them a stage anymore to spread these lies." - Ursula Von der Leyen

People's Republic of China Efforts to Amplify the Kremlin's Voice on Ukraine

May 2, 2022

Government officials and state and party media from the People's Republic of China (PRC) and the Chinese Communist Party (CCP) routinely amplify Kremlin propaganda, conspiracy theories, and disinformation. This amplification rationalizes President Putin's unjustified and unprovoked war against Ukraine while undermining trust in the United States and other countries, democratic institutions, and independent media. Using social media platforms banned within the PRC, PRC and CCP media and PRC "[wolf warrior](#)" diplomats convey biased Kremlin talking points to audiences in multiple languages and regions across the world. Meanwhile, within the PRC, CCP and state-backed entities censor credible reporting on Russia's atrocities in Ukraine while blaming NATO and the United States for Putin's brutal war of choice. The "pro-Russia neutrality" of PRC officials avoids explicit public endorsement or condemnation of Russia's invasion of and conduct in Ukraine, and continues to insist Beijing is a neutral stakeholder that respects the "[sovereignty and territorial integrity of all nations](#)." However, PRC and CCP media and officials' further uncritical amplification of Moscow's messaging demonstrates Beijing's support for Russia.

PRC TOOLBOX TO INFLUENCE PUBLIC OPINION ON UKRAINE:

- PRC and CCP media present **unverified information and claims sourced from Russia's state-run media and officials**. In a feedback loop, Russia's state-run media then cite **PRC and CCP media to portray Russia's position as widely supported**.

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- PRC and CCP media favorably cover Russia's false narratives, while heavily censoring and editing U.S. and other officials from democratic countries and independent media, as well as critical voices from within the PRC, regarding Russia's war against Ukraine and atrocities committed by Russia's forces.
- PRC "wolf warrior" diplomats boost Kremlin narratives by amplifying and reposting content from fringe media outlets and anti-NATO and anti-U.S. influencers who align with Beijing's narratives. Frequently, this content appears in PRC, CCP, and Kremlin propaganda.

TIMELINE OF PRC SUPPORT FOR RUSSIAN DENIALISM & BLAME-SHIFTING ONTO THE WEST:

FEBRUARY 2022 - PRC SUPPORT IN THE LEAD UP TO AND INITIAL FRAMING OF RUSSIA'S INVASION: Just prior to Russia's February 24, 2022, full-scale invasion of Ukraine, PRC and CCP [media](#) and [officials](#) labeled U.S. and other reports of Russia's imminent invasion a failed "disinformation" campaign and "[information terrorism](#)"-echoing Russian Federation Foreign Minister Sergey Lavrov and Russian Ministry of Foreign Affairs Spokeswoman Maria Zakharova's [earlier statements](#). PRC and CCP media and officials have since conspicuously refused to call Russia's unprovoked further invasion of Ukraine a "war," instead calling it a "crisis" or using the Kremlin's official term "[special military operation](#)," while primarily using the word "invasion" in "[whataboutism](#)" rhetoric aimed at redirecting outrage at the West, NATO, and the United States.

MARCH 2022 - HEAVY AMPLIFICATION OF KREMLIN MESSAGING REGARDING U.S.-SPONSORED BIOLABS IN UKRAINE: On March 8, PRC MFA Spokesperson Zhao Lijian began amplifying Russia's [debunked disinformation](#) alleging the United States sponsored biological weapons laboratories in Ukraine, including direct [amplification](#) of [disinformation](#) pushed by [Dilyana Gaytandzhieva](#), a frequent contributor to [U.S.-sanctioned](#) pro-Kremlin outlets [South Front and News Front](#). These fabricated accusations build on years of previous [opportunistic messaging](#) both by Russia and the PRC. According to a GEC research partner, PRC amplification of disinformation surrounding U.S. bioweapon laboratories in Ukraine ultimately became one of the PRC's largest disinformation campaigns since 2018, with [messaging targeting audiences](#) in [multiple languages](#) and [regions](#) around the world.

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APRIL 2022 - DENYING KREMLIN RESPONSIBILITY FOR ATROCITIES IN BUCHA: After Ukraine accused Russia of war crimes against civilians in Bucha, near Kyiv, PRC authorities suppressed discussion of the topic within the PRC and [officials called](#) for an investigation **without acknowledging evidence that discredits Russia's denialism.** On April 3, Russia's MFA and MoD [claimed](#) the "footage from Bucha [is]... a staged provocation by the [Kyiv] regime." In the days following Russia's statement, PRC [state](#) and [party](#)-backed [media](#) amplified Russia's **conspiracies that the United States and Ukraine may have fabricated evidence of the atrocities**, even as PRC officials called for "all sides" to refrain from "politicization" and "unfounded accusations."

APRIL 2022- DEFLECTING BLAME FROM KREMLIN FOR KRAMATORSK BOMBING: PRC officials and state media avoided reporting facts that would indicate Russia's responsibility for attacks against civilian targets even when, on April 8, a Tochka-U ballistic missile struck the main railway station in [Kramatorsk](#), Ukraine, killing more than 50 people, including five children, and injuring hundreds. The Russian MFA [denied](#) responsibility for the strike, saying only Ukraine was known to use the missile in question, despite [evidence](#) that Russia has previously deployed these weapons. As with Bucha, PRC officials responded to the Kramatorsk bombing by [calling](#) for a full investigation and for "all sides" to refrain from "politicization" and "unfounded accusations." PRC [media](#) and Consul General in Osaka, Japan, Xue Jian, went so far as to [repost](#) the **Russian conspiracy theory that Ukraine is responsible for bombing its own civilians in Kramatorsk.**

For additional information about PRC and CCP efforts to amplify the Kremlin's disinformation, you can visit: [New York Times](#), [The Atlantic](#), [The Diplomat](#), [the BBC](#), [the Alliance for Securing Democracy](#), and [DoubleThink Lab](#).

[Boeing to move headquarters from Chicago to Arlington, Va., say two people familiar with deal](#)

The move is a sign the aerospace giant is leaning into its military wing and better positioning itself to navigate politics in Washington. It also comes as Boeing struggles to shrug off financial burdens from the 737 Max, the pandemic's smothering effect on travel and fallout from severing ties with Russia.

[Readout of U.S. Attorney General Merrick B. Garland's Meeting with Five Eyes Partners and Ukraine's Prosecutor General](#)

U.S. Attorney General Merrick B. Garland met virtually yesterday with Ukraine's Prosecutor General, Iryna Venediktova, together with the Attorneys General of the Five Eyes countries: the United Kingdom's Attorney General, Suella Braverman; Australia's Attorney General, Michaelia Cash; Canada's Minister of Justice and Attorney General, David Lametti; and New Zealand's Attorney General, David Parker.

The leaders received an update from Prosecutor General Venediktova, affirmed their solidarity with the Ukrainian people, and discussed their coordinated efforts to hold accountable individuals whose criminal actions are enabling war crimes in Ukraine. They committed to continued close consultation and coordination.

"America, and the world, are watching very closely what is happening in Ukraine. Every day, we see the heartbreaking images and read the horrific accounts of brutality," said Attorney General Merrick B. Garland. "But there is no hiding place for war criminals. The Justice Department has a long history of holding accountable those who perpetrate war crimes. Our commitment to working with our international partners, including Ukraine's Prosecutor General, to investigate and prosecute those responsible for atrocities in Ukraine remains steadfast. We will be relentless in our efforts to bring to justice those who facilitate the death and destruction we are witnessing in Ukraine."

In the meeting, Attorney General Garland underscored America's support for Ukraine's sovereignty and territorial integrity in the face of Russia's brutal aggression. He highlighted how the United States is continuing to surge security, humanitarian, economic, and legal assistance to Ukraine. He updated Prosecutor General Venediktova and Five Eyes partners on the [actions the Justice Department is taking](#) in coordination with international partners to further raise the costs on Russia, including through the Justice Department's Task Force KleptoCapture. Attorney General Garland also discussed the \$33 billion supplemental budget request to support Ukraine and [package of legislative proposals](#) that President Biden sent to Congress on April 28, which would enhance the Justice Department's ability to hold the Kremlin and Russian oligarchs accountable for the ongoing invasion of Ukraine.

\$300 Million Yacht of Sanctioned Russian Oligarch Suleiman Kerimov Seized by Fiji at Request of United States

Fijian law enforcement executed a seizure warrant freezing the Motor Yacht Amadea (the Amadea), a 348-foot luxury vessel owned by sanctioned Russian oligarch Suleiman Kerimov. Fijian law enforcement, with the support and assistance of the FBI, acted pursuant to a mutual legal assistance request from the U.S. Department of Justice following issuance of a seizure warrant from the U.S. District Court for the District of Columbia, which found that the Amadea is subject to forfeiture based on probable cause of violations of U.S. law, including the International Emergency Economic Powers Act (IEEPA), money laundering and conspiracy.

The U.S. Treasury Department's Office of Foreign Assets Control designated Kerimov as part of a group of Russian oligarchs who profit from the Russian government through corruption and its malign activity around the globe, including the occupation of Crimea. In sanctioning Kerimov, the Treasury Department also cited Kerimov as an official of the Government of the Russian Federation and a member of the Russian Federation Counsel.

According to court documents, Kerimov owned the Amadea after his designation. Additionally, Kerimov and those acting on his behalf and for his benefit caused U.S. dollar transactions to be routed through U.S. financial institutions for the support and maintenance of the Amadea.

"This ruling should make clear that there is no hiding place for the assets of individuals who violate U.S. laws. And there is no hiding place for the assets of criminals who enable the Russian regime," said Attorney General Merrick B. Garland. "The Justice Department will be relentless in our efforts to hold accountable those who facilitate the death and destruction we are witnessing in Ukraine."

"Last month, I warned that the department had its eyes on every yacht purchased with dirty money," said Deputy Attorney General Lisa O. Monaco. "This yacht seizure should tell every corrupt Russian oligarch that they cannot hide - not even in the remotest part of the world. We will use every means of enforcing the sanctions imposed in response to Russia's unprovoked and unjustified war in Ukraine."

"This seizure demonstrates the FBI's persistence in pursuing sanctioned Russian oligarchs attempting to evade accountability for their role in jeopardizing our national security," said FBI Director Christopher Wray.

"The FBI, along with our international partners, will continue to seek out those individuals who contribute to the advancement of Russia's malign activities and ensure they are brought to justice, regardless of where, or how, they attempt to hide."

"This seizure of Suleiman Kerimov's vessel, the Amadea, nearly 8,000 miles from Washington, D.C., symbolizes the reach of the Department of Justice as we continue to work with our global partners to disrupt the sense of impunity of those who have supported corruption and the suffering of so many," said Director Andrew Adams of Task Force KleptoCapture. "This Task Force will continue to bring to bear every resource available in this unprecedented, multinational series of enforcement actions against the Russian regime and its enablers." "The U.S. Marshals Service will continue to contribute our expertise in support of Task Force efforts to take possession of seized assets of Russian oligarchs during these forfeiture operations," said Director Ronald L. Davis of the U.S. Marshals Service.

The seizure was coordinated through the Justice Department's Task Force KleptoCapture, an interagency law enforcement task force dedicated to enforcing the sweeping sanctions, export controls, and economic countermeasures that the United States, along with its foreign allies and partners, has imposed in response to Russia's unprovoked military invasion of Ukraine. Announced by the Attorney General on March 2 and run out of the Office of the Deputy Attorney General, the task force will continue to leverage all of the department's tools and authorities to combat efforts to evade or undermine the collective actions taken by the U.S. government in response to Russian military aggression.

Upon receipt of a mutual legal assistance request from the United States, Fijian authorities executed the request, obtaining a domestic seizure warrant from a Fijian court. The Amadea, International Maritime Organization number 1012531, is believed to be worth approximately \$300 million or more. The yacht is now in Lautoka, Fiji. This matter is being investigated by the FBI's New York Field Office with assistance from the FBI Legal Attaché Office in Canberra, Australia, the Department of State's Diplomatic Security Service, and the U.S. Embassy in Suva, Fiji.

Trial Attorney Andrew D. Beaty of the National Security Division's Counterintelligence and Export Control Section and Trial Attorney Joshua L. Sohn of the Criminal Division's Money Laundering and Asset Recovery Section are handling the seizure. The Justice Department's Office of International Affairs, the U.S. Attorney's Office for the District of Columbia, Customs and Border Protection, and the U.S. Marshals Service provided significant assistance. The United States thanks the Fijian authorities for their cooperation in this matter.

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FACT SHEET: United States and G7 Partners Impose Severe Costs for Putin's War Against Ukraine

May 08, 2022 • [Statements and Releases](#)

President Biden and G7 Leaders Meet with President Zelenskyy to Continue our Efforts to Support Ukraine and Build on our Unprecedented Sanctions and Export Controls

Today, President Biden and G7 Leaders met with President Zelenskyy of Ukraine to reinforce our shared commitment to strengthen Ukraine's position on the battlefield and at the negotiating table.

Our unprecedented sanctions are already exacting an immense toll on Russia's economy and our export controls have strangled Russia's access to critical technology and the supply chains it needs to sustain its military ambitions. Putin's war is projected to wipe out the last 15 years of economic gains in Russia. As a result of our export controls, Russia is struggling to replenish its military weapons and equipment. Russia's two major tank plants - Uralvagonzavod Corporation and Chelyabinsk Tractor Plant - have halted work due to lack of foreign components. Almost 1,000 private sector companies have left Russia, and reports indicate that more than 200,000 Russians, many of whom are highly skilled, have fled the country. All of these costs will compound and intensify over time.

Putin has failed in his initial military objective to dominate Ukraine - but he has succeeded in making Russia a global pariah. Today, the United States, the European Union and G7 committed to ratchet up these costs by collectively taking further measures, consistent with each partner's respective legal authorities and processes.

Targeting State-Controlled Media Within Russia That Bolster Putin's War. The United States will sanction three of Russia's most highly-viewed directly or indirectly state-controlled television stations in Russia - Joint Stock Company Channel One Russia, Television Station Russia-1, and Joint Stock Company NTV Broadcasting Company. All three stations have been among the largest recipients of foreign revenue, which feeds back to the Russian State's revenue.

Banning Services that Help Finance Putin's War and Aid Sanctions Evasion. The United States will prohibit U.S. persons from providing accounting, trust and corporate formation, and management consulting services to any person in the Russian Federation.

These services are key to Russian companies and elites building wealth, thereby generating revenue for Putin's war machine, and to trying to hide that wealth and evade sanctions. This action builds on previous prohibitions to restrict the export of goods related to aerospace, marine, electronics, technology, and defense and related materiel sectors of the Russian economy.

Cutting off Imports of Russian Oil and Reducing Dependence on Russian Energy. The United States has already banned the import of Russian oil, gas, and coal. Today, the entire G7 committed to phasing out or banning the import of Russian oil. This will hit hard at the main artery of Putin's economy and deny him the revenue he needs to fund his war. The G7 also committed to work together to ensure stable global energy supplies, while accelerating our efforts to reduce dependence on fossil fuels.

Impose further export controls and sanctions to degrade Russia's war efforts. The United States will issue a new rule that imposes additional restrictions on Russia's industrial sector, including a broad range of inputs and products including wood products, industrial engines, boilers, motors, fans, and ventilation equipment, bulldozers, and many other items with industrial and commercial applications. These new controls will further limit Russia's access to items and revenue that could support its military capabilities. The United States also sanctioned Limited Liability Company Promtekhlogiya, which produces rifles and other weapons that have been used in military operations in Ukraine; seven shipping companies, which own or operate 69 vessels; and one marine towing company. The Nuclear Regulatory Commission will also suspend general licenses for exports of source material, special nuclear material, byproduct material, and deuterium to Russia.

Impose Sanctions on Russian Elites and their Family Members and Visa Restrictions on Russian and Belarusian Officials Undermining the Sovereignty, Territorial Integrity, or Political Independence of Ukraine. The United States imposed approximately 2,600 visa restrictions on Russian and Belarusian officials in response to their ongoing efforts to undermine the sovereignty, territorial integrity, or political independence of Ukraine. Additionally, the United States issued a new visa restriction policy that applies to Russian Federation military officials and Russia-backed or Russia-installed purported authorities who are believed to have been involved in human rights abuses, violations of international humanitarian law, or public corruption in Ukraine. The United States also sanctioned eight executives from Sberbank- the largest financial institution in Russia and uniquely important to the Russian economy, holding about a third of all bank assets in Russia; twenty-seven executives from Gazprombank - a prominent Russian bank facilitating business by Russia's Gazprom, one of the largest natural gas exporters in the world; and Moscow Industrial Bank and its ten subsidiaries.

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Industrial Base Should Prepare for Export Control Reforms

5/3/2022

By Christopher Stagg

The State Department's directorate of defense trade controls, the agency responsible for administering the International Traffic in Arms Regulations (ITAR), a body of export control rules that generally covers many military and other critical items, recently made public a slew of intended and upcoming regulatory reforms.

These developments are notable as the last significant revisions to the ITAR took place in early 2020 when many civilian type firearms and related components were moved to the Commerce Department's export control regulations. As such, the regulations have been relatively stable over the last few years, especially when compared against the almost-constant updates to the Commerce Department's export control regulations or to the Treasury Department's economic sanctions laws.

As part of the announced reforms, most significantly, the State Department intends to engage in a thorough review of the U.S. Munitions List (USML), which is a listing of 21 categories that enumerates or otherwise describes the items – such as hardware, software, services, and data – that are subject to the ITAR. That review will primarily consider the “technology frontier” to determine whether any “critical and emerging technologies” should be included to the list and therefore subject to the ITAR. The State Department is expected to announce that broad technology-based review formally in the Federal Register sometime this year.

For industry, it is important to understand that for an item to be included on the USML, the applicable policy standard should be whether it provides a critical military or intelligence advantage, or if the item is inherently military. Moreover, the State Department previously advised that “critical” means the item is considered a “crown jewel” – as the government's stated intention is to include only those types of items on the USML rather than less sensitive items.

Historically, the last major revision to the munitions list regarding an emerging technology took place in 2002, when a dedicated category for directed energy weapons was added. Since then, the list has included “developmental” entries for certain types of items, and most of those controls are in context of where the Defense Department is providing any funding for the item. In those situations, the State Department presumes such items are emerging technologies unless an exception applies, such as by requesting a formal government determination – via the ITAR's commodity jurisdiction procedure – that the item is not ITAR-controlled.

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Aside from the State Department's review of the “technology frontier” to determine whether to include on the munitions list any newly identified critical and emerging technologies, it is expected that most categories will be reviewed over the next several years. That means that everything from vehicles and aircraft to electronics and spacecraft will be up for possible revision.

One area of specific focus that the State Department also intends to propose rulemaking for concerns how the ITAR currently controls printed circuit boards, application specific integrated circuits, programmable logic devices and multichip modules.

While these reviews mean that new items can be added to the list, they will also provide industry with the rare opportunity to provide its input through public comments, thereby permitting arguments that existing controls should be removed or modified in favorable way.

Even if those arguments are rejected insofar as specific edits to the USML's text, the government may nevertheless respond with a favorable statement that has the same effect. For example, the State Department has previously rejected industry arguments to define a term in the regulations and in narrow fashion; yet, in rejecting the comment, the government states that such a change is not needed because the term should be understood narrowly given its context.

Moreover, as it has been several years since many areas of the munitions list were last revised – in some cases, nearly a decade – it is possible that the State Department would reconsider arguments that it earlier rejected. For example, it previously rejected industry's arguments to better identify what constitutes military type unmanned aerial vehicles. Although those comments were rejected by the State Department in 2013, virtually identical arguments were made again several years later and ultimately accepted in 2016, and the list since then more clearly establishes whether a drone is subject to the ITAR.

In addition to its broad munitions list review, the State Department is also preparing several regulatory reforms to the rest of the International Traffic in Arms Regulations. Most notably, the State Department is pursuing a widespread regulatory reorganization, intended to better align the regulations with the structure of the Commerce Department's Export Administration Regulations (EAR). As items not subject to the ITAR are generally subject to Commerce review, many companies must deal with both sets of regulations and some are puzzled by the different structures. The State Department has decided to reduce those differences as best as possible.

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Consequently, as part of the State Department's reorganization effort, most parts of the ITAR will be consolidated and reformed, starting with its definitions – which are mostly within Part 120 – and then moving to other parts of the regulations involving licensing exemptions and licensing requirements. For instance, the licensing exemptions are spread out through various parts of the ITAR, while the Export Administration Regulations contains them in a single part. When it revises each part, the State Department has stated it will do so in two phases. It will first provide an interim final rule that effects a non-substantive consolidation, and then it will propose substantive revisions.

Elsewhere, the State Department intends to revise the ITAR's definition of a "regular employee," revise its license exemptions regarding personal protective equipment, expand the scope of what activities are not considered exports or other regulated transactions, and to update Supplement No. 1 to Part 126 covering the scope of what items may use various licensing exemptions – most significantly, the ITAR's Canadian exemptions.

Aside from those actions, it is still on the State Department's radar to respond to public comments involving its interim final rule from 2013 regarding brokering activities. The ITAR's definition for "defense services" also has still not been updated, even though three proposed rules to revise it were issued in 2011, 2013 and 2015.

Finally, the State Department is considering implementing a "general license" pilot program that would allow certain exports to a limited set of identified countries where one license – or a licensing exemption – covers every related export transfer, thereby not requiring government approval for each related individual transaction.

As for their next steps, regulated parties should monitor the Federal Register for when these rulemaking efforts are published. When published, companies should evaluate how they are specifically impacted. Attention should be made to evaluate whether there are any identifiable unintended consequences or if the changes may contradict other areas of the ITAR.

If there is an impact, a public comment should be submitted for any proposed or interim final rule, which fully explains the issue and offers reasoned alternatives. The government disfavors public comments that do not fully explain the issue – and with, as appropriate, evidence – and offers alternatives.

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However, some companies may need to act more proactively. If a company is engaged in critical and emerging technologies, then there might be a greater concern now as to how it might be affected by the State Department's ongoing reviews – and whether it should obtain official commodity jurisdiction rulings before any rulemaking occurs.

Similarly, if a company is currently dealing with an uncertain issue that the government has announced it is reviewing and will seek public comment on, that may be important to know for how to currently handle that issue. Such a situation, for instance, may reveal that the government currently has no definite position, and any interim guidance could be fleeting. In that situation, other options may exist to resolve the issue.

Regardless of the individual impact from these intended reforms, it is evident that the winds will soon pick up regarding ongoing International Traffic in Arms Regulations developments, in contrast to the last few years that saw little such regulatory activity.

Christopher Stagg is an export controls lawyer at Miller and Chevalier Chartered. Previously, he was a senior policy advisor at the State Department where he was involved in revising the ITAR and USML.

Battery Manufacturer Ordered to Pay Civil Penalties for Alleged Violations of “Made in USA” Labeling Rule and Federal Trade Commission Act

The Department of Justice, together with the Federal Trade Commission (FTC), announced today that the government will collect \$105,319.56 in civil penalties from Lithionics Battery LLC and its general manager, Steven Tartaglia (together, Lithionics), as part of a settlement to resolve allegations that Lithionics violated the FTC’s “Made in USA” Labeling Rule and the FTC Act in connection with marketing its battery products.

In a complaint filed in the U.S. District Court for the Middle District of Florida, the government alleged that Lithionics violated the rule by improperly labeling and advertising batteries, battery modules and battery management systems as “Made in USA,” even though key components of the products – including the lithium ion cells that powered the batteries – were imported. This is the first action under the FTC’s new [“Made in USA”](#) rule.

“The Department of Justice will not tolerate companies who deceive customers by falsely claiming that their products were made in the United States,” said Principal Deputy Assistant Attorney General Brian M. Boynton, head of the Justice Department’s Civil Division. “The department is committed to protecting consumers from the deceptive practices of companies who hope to gain an unfair advantage through dishonesty.”

“As our country works to onshore production of lithium ion batteries, it’s critical that honest businesses have a chance to compete, and that consumers can buy American,” said Director Sam Levine of the FTC’s Bureau of Consumer Protection. “Falsely labeling batteries as made in the United States is against the law, and the FTC is using its new Made in USA rule to make sure this misconduct comes with a price.”

In addition to the civil penalties, the stipulated order entered by the court today prohibits Lithionics from making “Made in USA” and other unsubstantiated origin misrepresentations in the future. The stipulated order also requires Lithionics to notify affected customers and to submit compliance reports to the FTC for over a decade.

This matter is being handled by Trial Attorneys Deborah Sohn and Zachary Cowan of the Civil Division’s Consumer Protection Branch. Julia Ensor represented the FTC.

For more information about the Consumer Protection Branch and its enforcement efforts, visit its website at <https://www.justice.gov/civil/consumer-protection-branch>. For more information about the FTC, visit its website at <https://www.FTC.gov>

Jury Convicts Dutch National for Participation in Terror Financing Ring

Today, a federal jury convicted a Dutch woman on charges stemming from her participation in a terrorist financing ring in support of the Somalia-based terrorist group al-Shabaab.

According to court records and evidence presented at trial, Farhia Hassan, 38, was involved with a group of women from more than a dozen countries around the world who ran a fundraising ring to provide financial support to al-Shabaab from in or about February 2011 through in or about July 2014. Through conduits in Nairobi, Kenya, and Hargeisa, Somalia, the group of women funneled cash payments via money remitters directly to members of the terrorist group. According to members of the conspiracy, the money was used to fund safehouses and to purchase trucks and weaponry in support of al-Shabaab. The women coordinated the payments using online chatrooms.

Hassan, in particular, was involved in fundraising in the Netherlands under false pretenses by representing to donors that money was being collected to fund charitable ventures, such as schools for orphans, when it was in fact being funneled to terrorists. Two U.S.-based members of the fundraising ring, Muna Osman Jama, 41, of Reston, Virginia, and Hinda Osman Dhirane, 51, of Kent, Washington, were convicted in 2016 for their participation and were sentenced to 12- and 11-years’ imprisonment, respectively.

Hassan was convicted of conspiracy to provide material support to a designated foreign terrorist organization. She faces a maximum penalty of 15 years in prison when sentenced on July 22. A federal district court judge will determine any sentence after taking into account the U.S. Sentencing Guidelines and other statutory factors.

Assistant Attorney General Matthew G. Olsen of the Justice Department’s National Security Division, U.S. Attorney Jessica D. Aber for the Eastern District of Virginia, Assistant Director Timothy Langan of the FBI’s Counterterrorism Division, and Assistant Director in Charge Steven M. D’Antuono of the FBI’s Washington Field Office made the announcement after U.S. District Judge Anthony J. Trenga accepted the verdict.

Assistant U.S. Attorneys James P. Gillis and Danya E. Atiyeh for the Eastern District of Virginia are prosecuting the case, with valuable assistance provided by Trial Attorney Kathleen Campbell of the National Security Division’s Counterterrorism Section.

The Justice Department’s Office of International Affairs provided substantial assistance in securing the arrest and extradition from the Netherlands.

International Traffic in Arms Regulations: Consolidation and Restructuring of Purposes and Definitions

03/22/22

The March 22, 2022, [Public Inspection Issue](#) of the Office of the Federal Register (OFR) includes an interim final rule to the International Traffic in Arms Regulations that will be published in the *Federal Register* on March 23, 2022. A link to that notice and the text of the rule is provided below. Effective September 6, 2022, this rule restructures International Traffic in Arms Regulations (ITAR) part 120 to better organize definitions previously found throughout the ITAR, consolidates provisions that provide background information or apply throughout the regulations, adds general statements of existing policies and procedures, and makes clarifying revisions to existing text. DDTC will accept comments on this rule through May 9, 2022.

[Launch Event for the Establishment of the Counterterrorism Law Enforcement Forum](#)

05/13/2022 03:33 PM EDT

Office of the Spokesperson

On May 11-12 in Berlin, the Departments of State and Justice launched the Counterterrorism Law Enforcement Forum (CTLEF), co-hosted by the Government of Germany. The CTLEF, which focuses on countering racially or ethnically motivated violent extremism (REMVE) globally, brought together law enforcement, prosecutors, and other criminal justice practitioners from Europe, North and South America, and the Indo-Pacific, alongside specialists from INTERPOL, Europol, the International Institute for Justice and the Rule of Law, the UN Office on Drugs and Crime (UNODC), and other multilateral organizations.

The inaugural CTLEF meeting increased awareness and information sharing among law enforcement and criminal justice partners about global REMVE activity, including the transnational linkages between and among REMVE actors. Participants also learned about recent law enforcement actions undertaken by governments to disrupt REMVE actors' global activity.

Officials from the U.S. Departments of State, Justice, and the Treasury, as well as the Federal Bureau of Investigation, participated. The CTLEF will convene again in the spring of 2023.

[Secretary Antony J. Blinken and Vietnamese Prime Minister Pham Minh Chinh Before Their Meeting](#)

SECRETARY BLINKEN: It's very good to be with you, and thank you, Prime Minister, for being here. I just wanted to say at the outset that we have seen a remarkable trajectory in the relationship between the United States and Vietnam, and we are now the strongest of partners, with a shared vision for security in the region we share and for the strongest possible economic ties. And, of course, the United States very much supports a strong, independent, prosperous Vietnam. We're so glad to have you here, Mr. Prime Minister, for this extraordinary ASEAN meeting but also on a bilateral basis, so welcome and thank you for being here.

PRIME MINISTER PHAM: (Via interpreter) Well, thank you very much for taking the time to come here and have a working session with me and my delegation. Why I mentioned the mask - it is my congratulations to you for being very successful curbing - (laughter) - curbing the pandemic and to prepare for the recovery and the reopening up, and to realize the goal that you have set out.

And we are very grateful to the support of the international community, including the U.S., especially for the donation of vaccines and health care equipment. At the moment, we have been able to put the pandemic under control, just like the U.S. And during the visit by Vice President Kamala Harris, we asked her for the vaccines, and she - upon coming back, she has worked with President Biden and the work has been very effective with regard to the vaccine, and we are very thankful.

And through the COVID-19 pandemic, we see that global issues or whole-of-people issues requires global approach, and international solidarity, and the promotion of multilateralism. And it is very important that we address the issues that are - that concern the whole of people. It (inaudible), but I'm being very sincere here with you...

<https://asean.org/about-asean/member-states/>

Secretary Antony J. Blinken and Cambodian Deputy Prime Minister and Foreign Minister Prak Sokhonn

05/13/2022 04:39 PM EDT

SECRETARY BLINKEN: Well, good afternoon, everyone. It's a pleasure to be here with the deputy prime minister of Cambodia. I really want to thank you, Deputy Prime Minister, and Cambodia for your leadership of ASEAN and for everything you've done to make this such a successful special summit between the United States and ASEAN.

We've had an opportunity to deepen the work that we're doing together, and to put out - I think, a very important vision statement for the future, and Cambodia's work to bring us to this point is greatly appreciated. We're working very closely together as partners to try to advance a shared vision for the region, including regional security. And of course, we welcome the leadership role that you're playing in ASEAN on a number of issues, including hopefully working to restore the democratic path in Myanmar.

So, it's very good to have you here. Welcome again to the State Department.

DEPUTY PRIME MINISTER PRAK SOKHONN: Thank you very much, Secretary Blinken. It's a real honor, pleasure to be here to have this meeting with you. It's an opportunity for us to exchange views, especially to strengthen our bilateral cooperation. And it's a wonderful for Cambodia as a chair to have been able to organize - co-organize this summit between ASEAN leaders and the U.S.

I am ready to have a good discussion with Secretary Blinken, in order to strengthen our bilateral relationship and to push forward for solution in a number of regional issues. Thank you.

Canada's Intention to Remove Tariffs on Goods from Ukraine

From: [Department of Finance Canada](#)

Canada continues to condemn Russia's brutal and illegal invasion of Ukraine in the strongest possible terms. Canada will continue to support Ukraine's economic resilience and stand in solidarity with the people of Ukraine, who are fighting for their lives, their sovereignty, and for democracy.

Russia's unprovoked attack has had a significant impact on Ukraine's economy and its ability to export goods to other countries. While most goods from Ukraine enter Canada duty-free as a result of the Canada-Ukraine Free Trade Agreement (CUFTA), tariffs still apply on certain goods where tariffs are being phased out under the Agreement, or where they are excluded from it.

From 2019 to 2021, Ukrainian exports to Canada averaged \$170.8 million annually, and Canada collected about \$2.6 million in duties from these goods.

By removing tariffs for a one year period, Canada would continue to support Ukraine's economy by ensuring that Ukrainian goods are able to enter Canada duty-free.

The proposed measure would come into force once the Order in Council is approved and registered. The Canada Border Services Agency would then issue a Customs Notice detailing how importers can claim relief under the remission order.

EXTENSION OF COMMENT PERIODS- BIS

On May 10, 2022, BIS published an extension of the comment period for the Request for Public Comments on Supply Chain Issues to Support the U.S.-EU Trade and Technology Council Secure Supply Chains Working Group. The comment period for the notice published April 6, 2022 at 87 FR 19854, is extended until June 23, 2022.

On April 6, 2022, the Bureau of Industry and Security (BIS) published the notice Request for Public Comments on Supply Chain Issues To Support the U.S.-EU Trade and Technology Council Secure Supply Chains Working Group. Today's notice extends the deadline for written comments to June 23, 2022. This extension is being made to allow for commenters to take into account any developments or announcements that may occur as a result of the United States-EU TTC second leaders' meeting scheduled for May 15-16, 2022 in France.

NATO Marches On?

As Finland and Sweden **appear poised** to join NATO, observers have marveled for weeks at the brewing development. In a New York Times opinion essay, former NATO secretary-general **Anders Fogh Rasmussen noted** what many others have: that Russian President Vladimir Putin has precipitated this, the “opposite” of his goal of halting NATO’s eastward, post-Cold War creep.

Two recent Foreign Affairs essays shed light on the situations Finland and Sweden face. Both have had complicated alliance histories and compelling reasons to stay neutral, former Swedish Prime Minister **Carl Bildt wrote** last month, but strengthening national defense alone is now seen as insufficient.

“When” they join NATO, Bildt wrote, Finland and Sweden will add “considerable” land, air, and sea capabilities to the alliance, and “the security architecture of northern Europe will change.”

The accession period, which NATO seems eager to hasten, could leave Finland and Sweden open to Russian interference or attack before they fall under NATO’s collective defense, **Kimberly Marten wrote** last week, but Russia’s struggles in Ukraine suggest it may not have spare capacity to threaten them.

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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