ISSN 0276-8275

WTTLonline.com

A Weekly Report for Business Executives on U.S. Trade Policies, Negotiations, Legislation, Trade Laws and Export Controls

Washington Tariff & Trade Letter®

Editor & Publisher: Samuel M. Gilston • P.O. Box 5325, Rockville, MD 20848-5325 • Phone: 301.570.4544 Fax: 301.570.4545

Vol. 34, No. 4 January 27, 2014

STA Users Face High Likelihood of BIS Scrutiny

While trying to encourage exporters to use License Exception Strategic Trade Authorization (STA), the Bureau of Industry and Security (BIS) may be doing the opposite by subjecting STA users to a high level of scrutiny. According to the agency's just-released annual report, it conducted reviews of 45 firms that have used STA to assure that they have complied with the conditions for its use and have the proper documentation. With just 153 exporters having used the license exception since 2011 when it became available, the chance of getting reviewed appears to be more than 29%.

> According to the BIS report, which covers the period from Oct. 1, 2012, to Sept. 30, 2013, the agency's Export Management and Compliance Division (EMCD) conducted 43 "desk reviews" of STA exporters and two on-site visits. Desk reviews are conducted at BIS headquarters in Washington and involve the review of STA documentation that exporters send the agency in response to a request from the EMCD staff (see **WTTL**, Dec. 23, page 4).

Of the 43 desk reviews, 36 were found to be completely in compliance with STA requirements, while seven were found to have minor technical errors, BIS reported. The on-site reviews "did not uncover any compliance issues," it noted.

It was a busy year for BIS export enforcement activities overall, according to the report. Its investigations contributed to 52 criminal convictions of individuals and businesses for export violations, as compared to 27 in FY 2012. The convictions produced $2,694,500 in criminal fines, more than $18 million in forfeitures, and more than 881 months of imprisonment, compared to $4,786,500 in criminal fines, more than $5 million in forfeitures, and more than 187 months of imprisonment in FY 2012. On the civil enforcement side, BIS completed 71 administrative cases, including eight antiboycott actions and imposed $6,524,955 in civil penalties. This compares to 42 cases in fiscal 2012 with more than $7,442,600 in civil fines. BIS also issued 240 warning letters in fiscal 2013 and ordered 351 detentions and 84 seizures.

Trade Vacancies Could Hamper Obama Trade Agenda

With the announcement Jan. 22 that Deputy U.S. Trade Representative (USTR) Miriam Sapiro will be leaving her post in February, two of the three deputy posts at the USTR's

WTTL is published weekly 50 times a year except last week in August and December. Subscriptions are $697 a year. Additional subscriptions with full-priced subscriptions are $100 each. Site and corporate licenses also available.

office will be vacant with no sign that they will be filled soon. Along with the empty USTR seats, the job of under secretary of Commerce for international trade has been open since Nov. 6 when Francisco Sanchez left the post. Stefan Selig, a vice chairman at Bank of America Merrill Lynch, was renominated for the position Jan. 6, but the Senate Finance Committee has not announced when it will hold a confirmation hearing.

> The three vacancies at key trade deputy posts has raised concerns about the Obama administration's ability to push its heavy trade agenda without political appointees in place. While experienced and highly regarded career employees are holding the jobs on an acting basis, sources in the trade community question their ability to deal with members of Congress on trade legislation or with trade ministers in international talks where protocol sensitivities often require officials at the deputy level or higher to participate.

"Ambassador Sapiro has served the Obama Administration during a time of unprecedented dynamism in U.S. trade policy and established an impressive record of achievement," Froman said in a statement announcing her departure. There has been speculation that she would be leaving her post ever since Froman took office in June. During her four years at the USTR's office there have been reports of friction between her and career staffers. The USTR's office continues to rank lowest among all government agencies in a survey of employee job satisfaction (see **WTTL,** Dec. 23, page 8).

Before Sapiro, Demetrios Marantis left his deputy USTR position in May 2013, and sources say there are not even any rumors about who might replace him. The White House "is very hermetic in how they do personnel," one source noted. The White House supposedly was waiting for Froman to be confirmed before moving on to the deputy job, but Froman took office on June 21, seven months ago. At this point, the vetting and confirmation process could leave the two deputy slots vacant for another six months.

Some sources also suggest that Froman's strong personality and reluctance to delegate authority may be keeping some strong candidates from showing interest in a deputy post because of their concern that they may have only a limited role in key trade issues. Without deputies, however, Froman may find himself stretched thin dealing with Pacific and Atlantic trade talks and fast-track legislation. Froman also seems to be getting little support from the White House, particularly in getting a fast-track bill passed. The lack of administration attention to Congress is leaving some Democratic trade supporters vulnerable to pressure from anti-trade groups, one source warned.

One former government official said the deputy USTR positions are important because they often give political guidance to USTR staffers on issues without requiring all questions having to go to the USTR. They also can deal with foreign officials who will only talk with political-level counterparts. Even within the U.S. interagency process, they play a key role because "they get their phone calls answered" from other government officials, the ex-official said.

BIS Issues Advisory Opinion on "Specially Designed"

In what may be the first of many responses to requests for advice on the meaning of the new "specially designed" definition, BIS has issued an advisory opinion saying the definition doesn't catch multipurpose die, standard packages and certain integrated

circuits. These products aren't subject to controls because they were designed for use or are similar to those used in non-military commodities and meet the "release" side of the definition's "catch and release" formula, the agency agreed in an advisory opinion just posted on its website.

> "Based on the information provided in the request...BIS agrees that multi-purpose die, standard packages, and integrated circuits comprised thereof... are not 'specially designed' because such items (i) were designed with 'knowledge' of use in a wide range of applications, or (ii) have the same function, performance capabilities, and the same or 'equivalent' form and fit as multipurpose die, standard package, and integrated circuit comprised thereof used in a wide range of applications in 'production," BIS wrote in the advisory opinion dated Dec. 13, 2013.

In its request for an opinion, the Semiconductor Industry Association (SIA) had determined that these products "are or were used in various commodities that would meet the paragraph (b)(3)(ii) criteria of the release provision of 'specially designed,'" BIS noted. These commodities include: medical equipment, passenger vehicles and consumer electronics that would be classified on the Commerce Control List (CCL) under Export Control Classification Numbers (ECCNs) controlled for anti-terrorism reasons or designated as EAR99, BIS added.

The advisory opinion "does not apply to articles subject to the jurisdiction of the International Traffic in Arms Regulations (ITAR). This advisory opinion is made without prejudice to ASICs [application specific integrated circuits] or to other integrated circuits that are not comprised of multipurpose die encased in standard packages," BIS noted.

EU to Open TTIP Investment Provisions to Public Debate

To address one of the most controversial elements of negotiations on a Transatlantic Trade and Investment Partnership (TTIP), the European Union (EU) announced Jan. 21 that it will open up the investor-state dispute settlement (ISDS) mechanism of a possible TTIP to public consultation. "I know some people in Europe have genuine concerns about this part of the EU-U.S. deal. Now I want them to have their say," EU Trade Commissioner Karel De Gucht said in the announcement. ISDS rules allow foreign investors to sue governments over such regulations as natural resource policies, environmental protections and health and safety measures when they claim the rules discriminate against foreign entities.

> DeGucht said the EU in early March will publish a "proposed EU text," that will include sections on investment protection and ISDS. "This draft text will be accompanied by clear explanations for the non-expert," an EU statement noted. The public will then have three months to comment.

"No other part of the negotiations is affected by this public consultation and the TTIP negotiations will continue as planned," the EU statement noted. The EU wants to "use the opportunity to improve investment provisions already in place to protect investments by EU-based companies in the U.S., and vice versa," it said. "In practice this would mean referring explicitly in the deal to states' right to regulate in the public's interest. It would also see new and improved rules, including a code of conduct, to ensure

arbitrators are chosen fairly and act impartially, and to open up their proceedings to the public," the EU statement noted.

> Although public consultations on the ISDS issue may keep the topic out of TTIP negotiations for a while, USTR Michael Froman said talks will continue on other issues. He also said he recognized the concerns some have about these provisions.

"We know there are stakeholders on both sides of the Atlantic that share those views," he told reporters on a teleconference call Jan. 24. "That is something we very much take into account," he said. "We obviously welcome and defer to the [EU] commission as it goes through this further consultation process and we will continue to work on the other items in TTIP in the meantime," Froman added.

The EU has held previous consultations on a trade in services agreement and other free trade agreements, including with Myanmar, Thailand and Morocco. Some, including members of the British and Dutch parliaments, have argued for removing ISDS provisions altogether. Other ISDS critics claim they aren't needed for developed countries that have independent uncorrupt judicial systems, such as those in the EU.

EU non-governmental organizations have expressed concern about the "predictable" impact of ISDS and other regulatory provisions. In a joint statement Jan. 9, ten European health, transparency and environmental groups argued that if these provisions were approved, "Europe would most likely lose its position as a global frontrunner on public policies such as water, nature protection, food quality, chemicals and climate and energy." The groups said European and national policy "would suffer a sclerosis as a new category of impact assessments would need to be undertaken to see which multinationals interests are jeopardised."

"Statutory Scheme" Isn't Statute under FOIA, Brief Argues

The government can't use a "statutory scheme" to keep export licensing information confidential under the Freedom of Information Act (FOIA), because only a "statute" that prohibits disclosure qualifies under FOIA Exemption 3 to justify the denial of a request for documents, the Electronic Frontier Foundation (EFF) asserted in a brief filed Jan. 13 in the Ninth Circuit Court of Appeals. The brief replied to arguments the government raised in its appeal of a lower court ruling that the Bureau of Industry and Security (BIS) must release requested licensing information because the Export Administration Act (EAA) has expired and with it the law's Section 12(c) protection of license application information (see **WTTL**, Jan. 6, page 1).

> The government argued that the combination of the president's invocation of the International Emergency Economic Powers Act (IEEPA) and various executive orders has created a "statutory scheme" that keeps export controls in place as well as Section 12(c).

"A 'scheme' — whether statutory or administrative — is not an explicit withholding 'statute.' Countenancing such an approach to FOIA's Exemption 3 would run contrary to its very purpose: vesting with *Congress*, not the executive branch, the power to determine which records fall within the exemption's reach," the EFF brief contended. The

current case differs from previous suits where courts have denied FOIA challenges because Congress acted to renew EAA while the cases were pending, EFF noted. The fact that Congress has not renewed the EAA in 12 years "reflects Congress's growing ambivalence toward it: beginning in 1983, Congress allowed the EAA to go into periods of lapse — sometimes for a series of days, sometimes for months, sometimes for years," it wrote.

> The last time Congress renewed the statute in 2000, it only extended the law until August 2001, with the clear purpose of preventing disclosure of licensing information from pending law suits. "Members of Congress perceived the reenactment of the EAA as providing protection for records submitted from 1994 to 2001. Congress did not, as the agency now claims, give the agency a free-standing right to withhold export application records indefinitely into the future," the brief stated.

"If, as the agency claims, Congress viewed the purported regulatory 'scheme' sufficient to withhold records under FOIA, congressional reenactment of the EAA was unnecessary: the freestanding 'intent of Congress' would suffice," it continued. "However, the statements of members of Congress directly contradict the agency's claim here. Congress did not think the lapsed EAA, IEEPA, or any administrative regulations or executive orders were a self-perpetuating withholding 'scheme'," it argued.

EFF filed a FOIA request with BIS in May 2012 seeking all agency records created from 2006 to the present, concerning "the export of devices, software, or technology primarily used to intercept or block communications." American surveillance technology has been linked to regimes throughout the Middle East and the world—including Syria, Libya, Yemen and China, the group noted in its brief. In response to the request, BIS provided general information on the number of licenses it received for these products and the countries to which it granted licenses, but no details from the applications themselves.

U.S. Commits to Tariff-Free Trade in Environmental Goods

At the World Economic Forum in Davos, Switzerland, USTR Michael Froman and ministers from 13 other trading partners announced an initiative Jan. 24 to eliminate tariffs on trade in 54 environmental products, such as solar water heaters, wind turbines and catalytic converters. "We anticipate a structure for an environmental goods agreement that would reinforce the rules-based multilateral trading system and benefit all WTO Members, including by involving all major traders and applying the principle of Most Favored Nation," said a joint statement by the 14 participants.

> The statement said such an agreement would take effect once a critical mass of WTO members participate, but it did not define what a critical mass means. In a conference call with reporters later in the day, Froman said the 14 countries that have already committed to talks represent 86% of the market for environmental goods. Froman said there "is no particular timetable at this time" for concluding a deal on tariff-free treatment of these products.

In addition to the U.S., the other participants are: Australia, Canada, China, Costa Rica, European Union, Hong Kong, Japan, Korea, New Zealand, Norway, Singapore, Switzerland and Taiwan. The WTO talks on tariff-free treatment of environmental goods are intended to build on Asia-Pacific Economic Cooperation (APEC) forum agreements in

2011 and 2012 to cut tariffs to 5% or less by the end of 2015 in all APEC countries. This new initiative "will also complement U.S. led efforts to remove barriers to global services trade, including environmental services, such as air pollution monitoring, and solid and hazardous waste treatment, as part of the Trade in Services Agreement (TiSA)," a USTR statement noted.

> With China included among the countries working on an environmental goods deal, there are likely to be questions about whether Beijing will seek some relief from antidumping and countervailing duties imposed on its environmental goods exports. On his phone call with reporters, Froman said an accord on trade in environmental goods would have no impact on anti-dumping and countervailing duty orders the U.S. has in place against imports of solar panel components, wind towers or other products.

"There will be no change to our trade remedy laws and the availability of trade remedy laws and trade remedies to parties who believe there is dumping or countervailable duties being applied," he said. "This is about eliminating tariffs and expanding trade in these products, and that is separate from the issue of our trade remedies or any particular trade in these products," he added. "The whole concept of trade liberalization, you want to bring down barriers to trade but the trade has to be fair. And if countries engage in unfair trade then the trade remedies should be available to respond to that but that doesn't diminish the impact of liberalizing trade in the first place," he stated.

OFAC Offers Guidance on Temporary Sanction Relief for Iran

Treasury's Office of Foreign Assets Control (OFAC) established a "favorable licensing policy" for certain exports to Iran Jan. 20 in recognition of Tehran's compliance with the terms of a November 2013 agreement to curb its nuclear program and bring it under international inspections. OFAC said the policy will apply to Iran's civil aviation industry and will allow persons to request specific authorization "to engage in transactions to ensure the safe operation of Iranian commercial passenger aircraft, including transactions involving Iran Air, but excluding all other Iranian airlines listed on OFAC's Specially Designated Nationals and Blocked Persons List."

> Despite what some senators fear, OFAC said the International Atomic Energy Agency had "verified that Iran has fulfilled its initial nuclear commitments" (see **WTTL**, Dec. 2, page 7). In return, OFAC has reduced trade sanctions under the Joint Plan of Action (JPOA) between U.S and Iran.

"Specific licenses may be issued on a case-by-case basis to authorize persons to engage in transactions intended to ensure the safe operation of Iranian commercial passenger aircraft that are otherwise prohibited" by the Iranian Transactions and Sanctions Regulations (ITSR) and the Weapons of Mass Destruction Proliferators Sanctions Regulations, the policy noted.

"The activities that may be licensed include, but are not limited to, the exportation and reexportation of: services related to the inspection of commercial aircraft and parts in Iran or a third country; services related to the repair or servicing of commercial aircraft in Iran or a third country; and goods or technology, including spare parts, to Iran or a third country," it said. OFAC also posted guidance on how it will implement the JPOA's

six-month suspension of U.S. sanctions on Iran's petrochemical exports, auto industry, civil aviation industry, gold and precious metals, crude oil sales and humanitarian trade. Under the JPOA, the U.S. will "pause efforts to further reduce Iran's crude oil sales, enabling Iran's current customers to purchase their current average amounts of crude oil," the OFAC guidance said.

> The six current customers of Iranian oil are China, India, Japan, South Korea, Taiwan and Turkey. The U.S will also "enable the repatriation of an agreed amount of revenue held abroad. For such oil sales, suspend U.S. sanctions on associated insurance and transportation services," OFAC added.

In addition, the JPOA provides for the establishment of "a financial channel to facilitate humanitarian trade for Iran's domestic needs using Iranian oil revenues held abroad," OFAC added. "This channel could also enable transactions required to pay Iran's UN obligations...and direct tuition payments to universities and colleges for Iranian students studying abroad," it noted.

The EU also revised its sanctions policy Jan. 20 to comply with the JPOA. For the next six months at least it suspended its prohibitions on the provision of insurance and reinsurance and transport for Iranian crude oil; the import, purchase or transport of Iranian petrochemical products and the provision of related services; and trade in gold and precious metals with the government of Iran, its public bodies and the Central Bank of Iran, or persons and entities acting on their behalf.

Trade Community Skeptical about Chances for Trade Deals, Bills

The Washington trade community is skeptical about the chances for passage of key trade legislation this year or the early conclusion of a Trans-Pacific Partnership (TPP) deal. A survey of Washington International Trade Association (WITA) members found almost 70% – with varying degrees of certainty – don't think Congress will pass fast-track trade legislation, also known as Trade Promotion Authority (TPA), this year. Most, however, said TPA would be needed to get free trade agreements approved by lawmakers.

> The survey of 1,800 WITA members drew just 115 responses, so the statistical value of its results are soft. Nonetheless, the views of the group's members reflect widespread comments among trade observers.

On TPP, the survey found more mixed views on whether a deal could be concluded in early 2014, which administration officials say is still their goal. Just under 49% agreed that negotiators will finish their work early in 2014. Should the TPP be concluded, 70% believed Congress would approve the deal, with 17% saying passage was extremely likely and 16% saying a deal would not be approved. Along with most people, including officials in the U.S. and European Union (EU), 25% of WITA members believe completing a Transatlantic Trade and Investment Partnership (TTIP) accord this year is impossible and 52% said it was unlikely.

Most WITA members view the trade facilitation agreement that the World Trade Organization (WTO) adopted at its ministerial in December in Bali as a special situation that doesn't signal a change in what the WTO can accomplish. Almost 88% of respondents said the deal was unique and future trade agreements would continue to be difficult.

European Bank Settles OFAC Charges of Violating Iran Sanctions

In a cautionary tale of banks with layers of ownership interest, Clearstream Banking, S.A. in Luxembourg, a subsidiary of Deutsche Börse AG, agreed Jan. 23 to pay almost $152 million to Treasury's Office of Foreign Assets Control (OFAC) to settle charges that it violate Iran financial sanctions. From December 2007 through June 2008, Clearstream "maintained an account at a U.S. financial institution in New York through which the Central Bank of Iran (CBI) maintained a beneficial ownership interest in 26 securities, with a nominal value of $2.813 billion, held in custody at a central securities depository in the United States," OFAC alleged.

> In February 2008, Clearstream "transferred the securities entitlements free-of-payment (FOP) from the CBI's account with Clearstream to a European bank's newly-opened custody account at Clearstream, an account which allowed the CBI to continue holding its interest in the securities through Clearstream," the agency said.

"As a result of the FOP transfers, the record ownership of the securities entitlements on Clearstream's books changed, but the beneficial ownership did not, resulting in the CBI's interest being buried one layer deeper in the custodial chain," OFAC added. It also said Clearstream did not voluntarily self-disclose the apparent violations.

"OFAC had investigated Clearstream's maintenance of an omnibus account in the United States and certain securities transfers within the Clearstream settlement system in 2008," Deutsche Börse said in a statement. "These transfers had related to the decision taken by Clearstream in 2007 to close its Iranian customers' accounts. The settlement will close the matter without a final agency finding that a violation by Clearstream of U.S. sanctions regulations has occurred," it added.

BIS Monitoring Iraq's Promises on Antiboycott Requests

BIS officials say they are monitoring changes that Iraq's Council of Ministers adopted in June 2013 to reduce the member of requests that Iraqi government agencies make for compliance with the Arab League's boycott of Israel. Since trade between the U.S. and Iraq has recovered since the end of the war in that country, Iraq has become the second largest source of boycott-related requests after the United Arab Emirates (UAE), with 72 prohibited requests compared to 92 from the UAE in fiscal year 2013, which ended Sept. 30, 2013. Including other types of requests, including permitted requests, Iraq was the source of 84 while the UAE accounted for 263.

A representative of the BIS Office of Antiboycott Compliance (OAC) attended the inaugural meeting of the Trade and Finance subgroup of the bilateral U.S.-Iraq Joint Coordinating Com-mittee (JCC) in Baghdad in March 2013, the just released BIS annual report noted. "The meeting focused on nontariff barriers to trade, including Iraq's enforcement of the Arab League boycott of Israel," the report said. The U.S. delegation urged Iraqi government ministries to stop including prohibited boycott language in documentation requirements and requested that the Iraqi government revise its documentation requirements to allow U.S. companies to trade with Iraq and comply with U.S. law. "Subsequently, the Iraqi Council of Ministers Secretariat issued a directive in

June 2013 to ministries and other procurement entities not to issue requests to U.S. companies for the purpose of enforcing the Arab League boycott of Israel," the report noted. "OAC will continue to monitor reports filed quarterly by U.S. companies and their subsidiaries of requests they have received to take certain actions to comply with, further, or support an unsanctioned foreign boycott," it added.

> "Nearly all of the prohibited requests reported to OAC in FY 2013 were either tender documents from the Iraqi Ministry of Health (requesting information about a firm's business relationship with Israel) or a boycott questionnaire given to U.S. companies from the Iraqi Patent Office as part of the patent application process," the report said. In August 2012, as a result of the spike in requests coming from Iraq, Treasury added it to the list of countries that may require participation in or cooperation in the Arab League boycott of Israel.

Divided ITC Determinations Need to Get Weight, Court Rules

When the International Trade Commission (ITC) splits three-three on an injury determination, the negative votes need to receive consideration, the Court of Appeals for the Federal Circuit (CAFC) said Jan. 24 in a decision to affirm an Court of International Trade (CIT) ruling on when the "Special Rule" for applying dumping orders can be used. In *Wind Tower Trade Coalition v. U.S.*, the appellate court agreed with the CIT decision to reject a request from U.S. tower manufacturers for a preliminary injunction to block liquidation of cash duties collected before the ITC made its final determination.

> The domestic companies had argued that Commerce should have applied the "General Rule" for imposing duties retrospectively after a final ITC injury ruling and not the Special Rule which calls for collections to begin after the date of the ITC determination. CIT Judge Leo Gordan had ruled that the Special Rule had to apply because of the split ITC votes on threat of injury.

"The statutes do not explicitly address which of the Rules applies to the fragmented ITC voting pattern presented in this case (i.e., an evenly-divided affirmative determination comprising three negative votes and three affirmative votes, with two commissioners voting for material injury and one voting for threat with a negative 'but for' finding)," the CAFC said in an opinion written by Appeals Judge Evan Wallach.

"The Coalition's argument is unpersuasive because it ignores the votes of three of the six Commissioners, relying solely on the three votes for affirmative material injury or threat thereof. Such an interpretation of the statute, one that ignores that only two of the six Commissioners found present material injury and no Commissioner made an affirmative 'but for' determination, is not reasonable," Wallach wrote. "Indeed, the statutory language of the Rules requires that the ITC as a whole makes a finding when determining which of the Rules applies," he added.

"Ignoring half of the votes of the six Commissioners does not reflect a determination of 'the Commission.' Occasionally, even in the law, common sense must prevail," Wallach stated. "Because the word 'finds' is not defined in the Tariff Act, Appellant asserts it

should be defined to mean that only votes of the three Commissioners who found affirmative material injury or threat thereof should be considered for purposes of the Special Rule," he noted, adopting instead the CIT's "well-reasoned conclusion" that application of the special rule "flows reasonably the specific statutory provisions."

* * * Briefs * * *

EXPORT ENFORCEMENT: Russian citizen Roman Georgiyevich Kvinikadze was sentenced Jan. 21 in Casper, Wyo. District Court to time served (five months) in prison for attempting to illegally export military-grade thermal imaging scopes, including five Thor-320 1X Thermal Imaging Weapon Sights and five Tactical Thermal Weapons Sights, TTWS-320 1X (30Hz), both manufactured by American Technologies Network, to Russia without State licenses. Kvinikadze was arrested Aug. 29 in Jackson Hole and has been in custody since then. He pleaded guilty Dec. 17, 2013. Scopes retail for about $5,000 each. As part of sentence, Kvinikadze will leave U.S. "as soon as practical," and be on three years' supervised release, sentencing order noted.

MORE EXPORT ENFORCEMENT: Brothers Nares and Naris Lekhakul were sentenced Jan. 24 in Seattle U.S. District Court for conspiracy to violate Arms Control Export Act (AECA) and attempting to violate AECA by exporting more than 240 shipments of restricted firearms parts, including magazines for .45 caliber handguns, to Thailand without State licenses. Nares Lekhakul, permanent resident of Bellevue, Wash., was sentenced to two years in prison and three years' supervised release. His brother, Naris Lekhakul, Thai citizen, was sentenced to three years in prison. Both pleaded guilty Oct. 22 (see **WTTL**, Oct. 28, 2013, page 9). Codefendants Witt Sittikornwanish and Sangsit Manowanna, U.S. citizens living in Los Angeles, were sentenced to 10 months in prison; and Supanee Saenguthai, Thai citizen in Berkeley, Calif., was sentenced to probation. Wimol Brumme, Thai citizen, will be sentenced Feb. 28.

COLOMBIA: Colombia is starting to see benefits of free trade agreements in level of foreign direct investment (FDI) it is receiving. In 2013, it attracted $16.8 billion in FDI, which is 9% increase from 2012, Colombia's Ministry of Commerce, Industry and Trade reported Jan. 23. Ministry claims investments generated 26,232 jobs, with most (18,090) in services sector. It said investments came from large number of countries, including U.S., Canada, UK, France, India and Japan.

EX-IM FRAUD: Emilio Michel of Winterhaven, Fla., owner of Sea Star Boat Corporation, was sentenced Jan. 23 in Miami U.S. District Court to one year and one day in prison for defrauding Ex-Im Bank. Michel also was ordered to pay $355,652 in restitution, $680,449 in criminal forfeiture and serve 36 months of supervised release. He pleaded guilty Nov. 8, 2013, to two counts of conspiracy to commit wire fraud and wire fraud.

CHINA: U.S. renewed its complaints Jan. 22 at WTO Dispute-Settlement Body (DSB) about China's failure to comply with WTO ruling against restrictions on foreign access to electronic payment business in China. U.S. delegate said Washington has "serious concerns' about Beijing's implementation of WTO panel ruling, saying China continues to prevent foreign suppliers of electronic payment services from doing business in China and authorizing only China Union Pay to be supplier in all of China (see **WTTL**, July 23, 2012, page 2). Chinese officials claimed Beijing has fully complied with DSB's recommendations and rulings and said U.S. has made "wrong interpretation" of panel ruling, which had mixed determinations both agreeing and disagreeing with U.S. complaint.