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RAPTAC / Regulations & Procedures Roundup

The Commerce Department's Bureau of Industry and Security Regulations and Procedures Technical Advisory Committee held a marathon open session Tuesday, with a particular emphasis on the microelectronics supply chain.

Sharron Cook, of the BIS Regulatory Policy Division began with an update on the October 7th Advanced Computing and Semiconductor Manufacturing Equipment Rule . Comments were due January 31st, with the final rule pending interagency review. No date is available for publication of the final rule, though an updated FAQ is in review and will be available "shortly."

"Always look at your red flags, audit your supply chains to the extent possible, to identify in the US origin inputs in the production of the items, and obtain confirmation from suppliers regarding the origin of parts and components," said Ms. Cook. "And as always, keep good records to back up your analysis of the transactions."

Next up, a team from the **Strategic Radiation Hardened Electronics Council** discussed collaborative efforts across agencies and industry to ensure survivable electronics, terrestrial and in space.

The SHREC Initiative, begun in 2018, is "important as we're modernizing all of our nuclear weapons programs, space programs and missile defense program. Most of the technology that we have in our legacy systems is based on 150 nanometer node technology which is early 90s technology, so state-of-the-art technology is something that we're interested in doing now.

"Radiation hardened microelectronics for Department of Defense is a niche within a niche within a niche, so we have very small demand. Really only the US government DoD has those requirements, so it's really hard to get state-of-the-art technologies based on our demand. It's hard for the companies to make money when they only have so many wafers."

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Researchers are discovering what can be referred to as "**radiation hardened by serendipity, where properties of circuits li the very low nanometer sizes (14 and below) are increasingly being discovered through testing as having very attractive talents, or even hardened properties. This is coming off the standard commercial manufacturing processes**"

Other speakers included **Evan Broderick Acting Executive Director for the Information and Communications Technology and Services** program at BIS (See Below), an update on Enforcement from Kevin Kurland, Deputy Assistant Secretary for Export Enforcement, Charles Wall, BIS Senior Policy Advisor on the US-EU Trade and Technology Council and Matthew Borman , Deputy Assistant Secretary of Commerce for Export Administration.

RAPTAC / "Anything That Communicates, We Regulate"

Evan Broderick Acting Executive Director of the Information and Communications Technology and Services (ICTS) program at BIS discussed the OICTS, a rapidly growing enforcement activity that began last March.

Mr. Broderick manages operations and policy development under Executive Orders [13873](#), [14034](#), and [13984](#).

"The program started with the 2019 Order 13873. that is **the Supply Chain EO** as it's commonly referred to. It is essentially said that the secretary of commerce can prohibit or mitigate ICTS transactions: information and communications technology transactions that used data in transferred from and linked to a foreign adversary.

"Essentially it's anything that can communicate, that touches the Internet. We're talking telecom, satellites, mobile phones, and the WeChat TikTok issue. It's also 5G equipment, it's cyber security, software, it's cloud. If it if it can communicate, then we can regulate it.

"We do have investigations into multiple Chinese companies here in the US . The secretary announced that in March of last year. We have not yet taken any public action on them so you did not miss anything.

"Right now we have less than 10 people within the organization, and we have asked for and received \$27 million from Congress as of this January. We have requested 100 full-time employees or full-time equivalent and we received that now when it comes down to it though it's going to take some time to ramp up the resources."

Different from CFIUS

Stephen Mulligan with the *Congressional Research Service* points out the following:

"Some observers have likened the ICTS review process to CFIUS, which assists the President in overseeing the national security implications of foreign investment in the U.S. economy. Both CFIUS and the ICTS review involve interagency processes to review and block certain commercial transactions with foreign entities that present national security concerns.

'However, while CFIUS traditionally reviews major corporate restructurings and acquisitions, the **Supply Chain Rule authorizes Commerce to review individual commercial sales.**

“For example, whereas CFIUS might prevent a foreign entity from acquiring a stake in a U.S. semiconductor company, under the Supply Chain Rule, Commerce could block a U.S. company from buying individual semiconductors from a foreign company in a foreign adversary’s jurisdiction”

15 CFR 7 Interim Final Rule [\[FR 86 4909\]](#) ; CRS [\[Report\]](#)

RAPTAC / Call for Industry Cooperation in Arms Tracing

The RAPTAC received a briefing by Damien Spleeters, Conflict Armament Research, on chains of supply of components found in Russian and Iranian weapons used in Ukraine, and his organizations outreach to industry.

CAR is an independent research organization that is investigating the diversion of weapons and commodities in conflict areas around the world, funded by the EU and the US government. CAR investigation teams work on the ground in active armed conflicts. The teams document weapons at the point of use and track their sources back through the chains of supply.

“We have a pretty thorough tracing process, in which we will send a what we call a ‘*trace request*’ to the manufacturers with all the markings, all the photos, all the contextual information that we have gathered. We give them 28 days for a response.

“Then we we will in general we will discuss with manufacturers information sharing protocols and what they are ready to share with us. Once they respond, we give them what we call a ‘*right of reply*.’ We will summarize all the information they have provided to us into a text for them to comment or correct if they'd like to, and we give them another 28 days to do that.

“So all the entities we contact are aware of the information that we can use, and they are in control of that. There's there's no surprise when we use that information to update the EU the US or to continue our own investigations.

“The entities we have engaged with so far have been very happy with how it went and as I said we are we are flexible in the way that we use the information. We always agree with the manufacturer or with the entity on what is going to happen with the information they give us.

"In some cases they're happy for us to receive information for us to continue the investigation, but they don't want some of the distributors to be named publicly, for example. We are happy to accommodate that type of demand because the last thing we want to do is hurt business."

National Security Guardrails for CHIPS Act Funding

Commerce Tuesday released a [Notice of Proposed Rulemaking](#) for the guardrails intended to ensure technology and innovation funded by the CHIPS and Science Act is not used for malign purposes by adversaries.

The proposed rule offers additional details on national security measures applicable to the CHIPS Incentives Program included in the CHIPS and Science Act, limiting recipients of funding from investing in the expansion of semiconductor manufacturing in foreign countries of concern: People's Republic of China (PRC), Russia, Iran, and North Korea.

Secretary of Commerce Gina Raimondo. "CHIPS for America is fundamentally a national security initiative and these guardrails will help ensure malign actors do not have access to the cutting-edge technology that can be used against America and our allies. We will also continue coordinating with our allies and partners to ensure this program advances our shared goals, strengthens global supply chains, and enhances our collective security."

The funding provided by the bipartisan CHIPS and Science Act included clear guardrails to strengthen national security:

- The statute prohibits recipients of CHIPS incentives funds from using the funds in other countries.
- The statute significantly **restricts recipients of CHIPS incentives funds from investing in most semiconductor manufacturing in foreign countries of concern for 10 years after the date of award.**
- The statute limits recipients of CHIPS incentives funds from engaging in joint research or technology licensing efforts with a foreign entity of concern that relates to a technology or product that raises national security concerns.

Today's proposed rule outlines additional details on and definitions for these national security guardrails. The proposed rule will:

- **Establish Standards to Restrict Advanced Facility Expansion in Foreign Countries of Concern:** The statute prohibits significant transactions involving the material expansion of semiconductor manufacturing capacity **for leading-edge and advanced facilities in foreign countries of concern for 10 years from the date of award.**

Proposed rule defines **significant transactions as \$100,000 and defines material expansion as increasing a facility's production capacity by five percent.** These thresholds are intended to capture even modest transactions attempting to expand manufacturing capacity. If a CHIPS Incentives Program funding recipient engages in transactions violating these restrictions, the Department can claw back the entire funding award.

Limit the Expansion of Legacy Facilities in Foreign Countries of Concern: The proposed rule prohibits recipients from adding new production lines or expanding a facility's production capacity beyond 10 percent. Recipients may only build new legacy facilities if the output of those facilities "predominantly serves" the domestic market of the foreign country of concern where the legacy chips are produced. The proposed rule specifies that **predominantly serving a market means at least 85% of the legacy facility's output is incorporated into final products that are consumed in the foreign country of concern where they are produced.** The proposed rule also notes that if any recipient plans to expand legacy chip facilities under these exceptions, they will be required to notify the Department so the Department can confirm compliance with national security guardrails.

- **Classify Semiconductors as Critical to National Security:** the proposed rule classifies a list of semiconductors as critical to national security – defining these chips as not considered to be a legacy chip and therefore subject to tighter restrictions. Included current-generation and mature-node chips used for quantum computing, in radiation-intensive environments, and for other specialized military capabilities. This list of semiconductor chips was developed in consultation with the Department of Defense and U.S. Intelligence Community.
- **Reinforce October 7th Export Controls:** In October 2022, the Department's Bureau of Industry and Security (BIS) [implemented export controls](#) to prevent the PRC from purchasing and manufacturing advanced chips that would enhance their military capabilities. Today's proposed rule will reinforce these controls by aligning prohibited technology thresholds for memory chips between export controls and CHIPS national security guardrails. Today's proposed rule applies **a more restrictive threshold for logic chips than is used for export controls.**
- **Joint Research and Technology Licensing Efforts with Foreign Entities of Concern:** The statute restricts recipients from engaging in joint research or technology licensing efforts with a foreign entity of concern that relates to a technology or product that raises national security concerns. In addition to the foreign entities of concern outlined in the statute, the proposed rule also adds entities from the **BIS Entity List, the Treasury Department's Chinese Military-Industrial Complex Companies (NS-CMIC) list, and the Federal Communications Commission's Secure and Trusted Communications Networks Act list** of equipment and services posing national security risks. The proposed rule also details the technology, products, and semiconductors that raise national security concerns or are critical to national security, consistent with U.S. export controls and as developed in consultation with the Department of Defense and U.S. Intelligence Community.

The Department is seeking public comment on the Notice of Proposed Rulemaking and will accept comment for 60 days. Industry, partners and allies, and other interested parties are encouraged to [submit comment](#) to inform the final rule to be published later this year.

CHIPS Act Tax Credit Rules Treasury and the Internal Revenue Service released a notice of proposed rulemaking for the Advanced Manufacturing Investment Credit (CHIPS ITC) established by the CHIPS Act of 2022.

The Investment Tax Credit is a federal income tax credit for qualifying investments in facilities manufacturing semiconductors or semiconductor manufacturing equipment, and a critical component of the suite of incentives provided by the CHIPS and Science Act.

“By providing detailed eligibility guidance for this tax credit, we’re equipping taxpayers with the clarity and certainty they need to make investments that will increase semiconductor manufacturing and strengthen America’s semiconductor supply chain,” said Treasury Secretary Janet Yellen.

The proposed regulations also define key terms for the credit, which is generally equal to 25% of an eligible taxpayer’s qualified investment in a facility with the primary purpose of manufacturing semiconductors or semiconductor manufacturing equipment and are integral to the operation of the facility. The credit is generally available for qualified property that began construction after enactment of the CHIPS Act (August 9, 2022) and placed in service after December 31, 2022.

The CHIPS and Science Act prohibits "foreign entities of concern" from claiming the tax credit.

The statute also included a requirement that generally claws back the full value of the credit claimed in all prior years if within 10 years of claiming the credit a taxpayer (or affiliates) engages in a significant transaction that materially expands the semiconductor manufacturing capacity of the taxpayer in a foreign country of concern. The proposed regulations define what constitutes a foreign entity of concern and under what circumstances the IRS would claw back the credit.

This document also requests comments on the proposed regulations, including the definition of the term “semiconductor.” These proposed regulations affect taxpayers that claim the advanced manufacturing investment credit or instead make an elective payment election. IRS Notice of Proposed Rule: [\[FR 2023-05871\]](#)

Senate Grills USTR on Market Access, Authority

In testimony to the Senate Committee on Finance Thursday, US Trade Representative Katherine Tai fended off bipartisan criticism of the Administration’s diplomatic priorities and process, **Chairman Ron Wyden** (D-OR) kicked off the meeting calling for “ramped up enforcement.. stronger, faster-acting enforcement tools like the Rapid Response Mechanism,

“Second, the administration needs to make opening export markets a priority. I have real concerns that USTR isn’t doing enough to break down barriers our exporters face...the U.S. cannot conclude agreements with Japan, Indonesia, or the EU that leave issues facing our exporters unaddressed.”

“The Executive Branch has begun to embrace a “go it alone” trade policy. Let me be clear: Congress’ role in U.S. trade policy is defined by the Constitution. It’s right there in Article I, Section 8. That is black-letter law, and it’s unacceptable to suggest otherwise.”

Mr. Wyden cited concerns that the USTR would enter into Critical Minerals trade agreements without consultation with Congress.

“First your office needs to release detailed, publicly available negotiating objectives, before discussions start with foreign governments. To just hear about it in the news or have staff discussions is not the same thing,” said Mr. Wyden. Second, Congress and the public need a chance to vet trade agreements before they're signed... Finally Congress needs a final say on any of these agreements.

Responding to Mr. Wyden’s call for a to a “pro competition digital agenda,” in negotiation, Ms. Tai counseled caution. “This is an incredibly important area, an area that is new to trade negotiations around the world, and also one where we want to take surefooted steps.”

Ranking Member Ron Crapo called out us trade with Vietnam as an example of a failure in US Leadership. Despite being the US being Vietnam’s largest trading partner, “China and the EU have concluded trade agreements to reduce their tariffs eventually down to zero, while signature American products, like automobiles, apples, poultry, potatoes, milk, and others, will continue to face high tariffs.”

Mr. Crapo noted the USTR had yet to respond to the committee’s [letter] of December 1, 2022 calling for consultation, transparency and a process understanding while implementing the Indo-Pacific Economic Framework for Prosperity (IPEF). Ms. Tai blamed the lack of response on the Commerce Department.

Sen. Charles Grassley (R-Iowa) pushed unsuccessfully for Ms. Tai’s commitment to file a USMCA formal dispute settlement on the matter of GMO Corn April 7th. Grassley further asked directly “Do you plan to pursue concrete market access commitments in any of the frameworks and initiatives that you're pursuing?” Ms. Tai did not answer yes, though she noted that she was “open minded.”

See Bob Menendez (D-NJ) raised the topic of voting FTA partners out. “I believe we cannot ignore when one of our free trade partners specifically Nicaragua becomes a brutal dictatorship... I look forward to working with you and the administration to suspend Nicaragua's market access under CAFTA. It is just absolutely outrageous.” Ms. Tai was unable to commit to such a measure.

With the exception of the Senator from the Garden State, most panelists were focused on agricultural market access. From Potatoes to Pears, to Corn, to Apples and Poultry, the message from the committee was that market access is a priority and the administration’s approach is not winning friends at home

The Administration remains open to negotiating traditional comprehensive free trade agreements with the right partner and the right time, Ms. Tai said in response to repeated complaints from senators that the trade deals currently being negotiated by the Administration leave out market access in the form of tariff reductions.

“The Administration needs to make opening export markets a priority,” Chairman Wyden said. He pointed to the *US-Mexico-Canada Agreement*, which passed Congress with bipartisan support, as “proof that US trade policy can raise the bar on labor and environmental standards and bust down barriers to American exports – at the same time.”

The Indo-Pacific Economic Framework and bilateral trade deals being negotiated with Taiwan, Kenya and other countries, should include market access and technical barriers to trade chapters like the USMCA, according to Sen. Crapo.

The Administration is willing to consider traditional trade agreements, but is trying to tailor trade deals to specific partners, Ms. Tai said. In the meantime, tariff and non-tariff barriers can be addressed through discussions with trade partners.

Sen. Ben Cardin (D-Md) expressed concern that unlike the USMCA, the IPEF does not appear to have an enforcement mechanism. Ms. Tai assured him that the IPEF and other agreement under negotiation will have enforcement, but not like a traditional FTA. "We're going to have to bring a new approach on these agreements. We're going to have to look at carrots and sticks."

The Administration should let South Africa know that it should not count on continuing to receive duty free access to the US market under the African Growth and Opportunity Act, said **Sen. Todd Young** (R-Ind). He cited South Africa's close relationships with China and Russia as a reason to drop the country from the program.

Meanwhile, **Sen. Mark Warner** (D-Va) urged the Administration to think about restoring AGOA benefits for Ethiopia. Ms. Tai said USTR is working with the Ethiopian government on benchmarks to track its progress in meeting AGOA's criteria for beneficiaries.

In her prepared remarks, Ms. Tai said the Administration is keeping the door open to conversations with China, including on its commitments under the Phase One trade agreement negotiated by the previous Administration. "We must also vigorously defend our values and economic interests from the negative impacts of the PRC's unfair economic policies and practices," she stated

IPEF Text Summaries Released

In her Senate testimony, Ambassador Tai noted released summaries of the texts it offered at the latest IPEF round, although she did not directly answer questions about whether the White House will seek Congressional approval of the agreements.

On the WTTL website are USTR's summaries of the text tabled at the second IPEF round. Pillar I: Trade [\[Link\]](#)

NIST Sets CHIPS Act Funding Rules for "Countries of Concern"

Comments sought for rule prohibiting CHIPS Act funding from benefiting "countries of concern."

To ensure that funding provided through this program does not directly or indirectly benefit foreign countries of concern, the Act includes certain limitations on funding recipients, such as

- prohibiting engagement in certain significant transactions involving the material expansion of semiconductor manufacturing capacity in foreign countries of concern and

- prohibiting certain joint research or technology licensing efforts with foreign entities of concern.

The Department of Commerce is issuing, and requesting public comments on, a proposed rule to set forth terms related to these limitations and procedures for funding recipients to notify the Secretary of Commerce of any planned significant transactions that may be prohibited. [\[88 FR 17439\]](#)

WTO / US Open to Special and Differential Provisions

Geneva via WTD

The United States has indicated its willingness to discuss a comprehensive proposal tabled by a large majority of developing and least-developing countries on making special and differential treatment simple and effective at the World Trade Organization, WTD has been told.

Up until now, Washington had repeatedly refused to engage with the Group of 90 countries on their proposal, alleging the S&DT improvements sought in 10 agreement-specific proposals were unsustainable, said people familiar with the discussions.

However, the United States seems to be bound by paragraph two of the Outcome Document of the 12th ministerial conference that was held last June. Trade ministers at the MC12 reaffirmed “the provisions of special and differential treatment for developing country Members and LDCs as an integral part of the WTO and its agreements.”

The trade ministers also reiterated that “Special and differential treatment in WTO agreements should be precise, effective and operational.”

Paragraph two says that “in addition, we recall that trade is to be conducted with a view to raising standards of living, ensuring full employment, pursuing sustainable development of Members, and enhancing the means for doing so in a manner consistent with Members' respective needs and concerns at different levels of economic development.”

Trade ministers instructed “officials to continue to work on improving the application of special and differential treatment in the CTD SS and other relevant venues in the WTO, as agreed, and report on progress to the General Council before MC13.”

Dedicated Meetings

At a negotiating session of the Committee on Trade and Development on Monday, Washington concurred with the members of the Africa Group; the Africa, Caribbean and Pacific Group and the least-developed countries on holding dedicated formal and informal meetings in the run-up to the 13th Ministerial Conference to be held in Abu Dhabi in February 2024, said participants who asked not to be quoted.

The European Union agreed to work with the G90 members on addressing their specific concerns in the 10-agreement specific proposal, the participants said.

At the special CTD session, India, China, Cuba and Nicaragua among others supported the G-90 proposal, underscoring the need for resolving the specific issues raised in the G-90 proposal by the 13th ministerial conference, participants said.

WTO Director-General Ngozi Okonjo-Iweala in her remarks at the meeting, said that “more still need to be done to ensure that special and differential provisions are fit-for-purpose and responsive to the genuine needs of developing members.”

She also said that “special and differential provisions are not ends in themselves, they are a means of enabling and empowering developing countries and LDCs to use the opportunities created by the WTO, to improve people’s lives on the ground,” while mentioning the trade facilitation agreement and the partial fisheries subsidies agreement.

Ahead of the meeting, South Africa on behalf of the Africa Group, the ACP Group, and the LDC group submitted a new proposal explaining the underlying rationale and the importance of addressing the much-delayed 10-agreement specific proposals on a war footing, said participants who preferred not to be identified.

South Africa introduced the restricted G-90 document (Job/TN/CTD/2, Job/TNC/106 proposal) spelling out the central goals as stated in the Marrakesh Agreement.

The large majority of developing and LDCs maintained that “Special and differential treatment (SDT) was embedded in WTO agreements precisely as an acknowledgment of the different levels of economic development and capacities among its membership and the role that trade should play in bridging the development divide which finds expression in a number of forms, including infrastructure prosperity, technology, industrialization, digital connectivity, etc.”

On the WTTL website are further details on the “ten agreement specific proposals.” [\[full article\]](#)

*** Briefs ***

DoD to Require Contractors to Document Exports

DoD is proposing to amend the Defense Federal Acquisition Regulation Supplement (DFARS) to implement a requirement for certain contractors to provide export authorizations to the Defense Contract Management Agency (DCMA).

Specifically, when a contract requires government quality assurance surveillance oversight and has delivery to, or production or performance in, government quality assurance countries, DoD proposes to require the contractor to provide relevant export authorizations (i.e., export license exemptions, export license

exceptions, export licenses, or other approvals) to the cognizant DCMA administrative contracting officer along with contact information for the empowered official or the export point of contact.

DCMA has found that a significant amount of time is required to determine whether or not a contractor's export license allows for foreign auditors to perform required quality assurance functions in lieu of DCMA staff.

The proposed rule applies to contracts at or below the simplified acquisition threshold, for commercial products including commercially available off-the-shelf items, and for commercial services. [[88 FR 17357](#)]

FinCEN Beneficial Ownership Guidance

Financial Crimes Enforcement Network (FinCEN) published its first set of guidance materials to aid the public, and in particular the small business community, in understanding upcoming beneficial ownership information (BOI) reporting requirements taking effect on January 1, 2024.

The new regulations require many corporations, limited liability companies, and other entities created in or registered to do business in the United States to report information about their beneficial owners—the persons who ultimately own or control the company—to FinCEN.

A proposed reporting form that would give companies the option to say that they were unable to identify their owners, and to mark “unknown” with respect to key information about any owners has drawn criticism, according to the *Wall Street Journal*.

The following materials are now available on FinCEN's beneficial ownership information reporting webpage, www.fincen.gov/boi:

he following materials are now available on FinCEN's beneficial ownership information reporting webpage, www.fincen.gov/boi:

- Answers to [Frequently Asked Questions](#) about the reporting requirement.
- One Pagers on [Key Filing Dates](#) and [Key Questions](#).
- An [Introductory Video](#) and more detailed [Informational Video](#) about the reporting requirement.

Additional guidance will be published at www.fincen.gov/boi in the coming months, to include a Small Entity Compliance Guide

US - EU Trade Report Published

A new report from the American Chamber of Commerce to the EU (AmCham EU) and the U.S. Chamber of Commerce highlights that the key drivers of the transatlantic economy – investment, trade and company income – posted strong results again in 2022.

Despite the war in Ukraine, supply chain disruptions, dramatic energy shifts, high inflation and tightening financial conditions, last year was record-breaking across a range of indicators:

- U.S.-Europe trade in goods reached an all-time high of \$1.2 trillion (€1.12 trillion.)
- U.S. company affiliates in Europe earned an estimated \$325 billion (€303 billion), while European affiliates in the US earned \$150 billion (€140 billion), the second highest level ever.
- U.S. exports of liquefied natural gas (LNG) to Europe hit their highest levels ever. U.S. exporters shipped roughly 2.5 times more LNG supplies to Europe in 2022 than in 2021.

The report also outlines avenues to advance the EU-U.S. partnership with the **Trade and Technology Council** and new opportunities to foster innovation and reduce strategic dependencies in the area of green technology. To download the report, please click [\[here\]](#)

SIPRI Arms Trade Report.

The Stockholm International Peace Research Institute (SIPRI) released their annual update on international arms transfers. The data revealed that imports of major arms by European states increased by 47 per cent between 2013–17 and 2018–22, while the global level of international arms transfers decreased by 5.1 per cent. Arms imports fell overall in Africa (–40 per cent), the Americas (–21 per cent), Asia and Oceania (–7.5 per cent) and the Middle East (–8.8 per cent)—but imports to East Asia and certain states in other areas of high geopolitical tension rose sharply. The United States’ share of global arms exports increased from 33 to 40 per cent while Russia’s fell from 22 to 16 per cent. [\[Fact Sheet\]](#)

“Even as arms transfers have declined globally, those to Europe have risen sharply due to the tensions between Russia and most other European states,” said **Pieter D. Wezeman**, Senior Researcher with the SIPRI Arms Transfers Program. “Following Russia’s invasion of Ukraine, European states want to import more arms, faster. Strategic competition also continues elsewhere: arms imports to East Asia have increased and those to the Middle East remain at a high level.”

India remains the world’s top arms importer, but its arms imports declined by 11 per cent between 2013–17 and 2018–22. This decline was linked to a complex procurement process, efforts to diversify arms suppliers and attempts to replace imports with local designs. Imports by **Pakistan**, the world’s eighth largest arms importer in 2018–22, increased by 14 per cent, with China as its main supplier.

OFAC / More Iran UAV Actions

Treasury’s Office of Foreign Assets Control (OFAC) designated four entities and three individuals in Iran and Turkey for their involvement in the procurement of equipment, including European-origin engines of unmanned aerial vehicles (UAV) in support of Iran’s UAV and weapons programs.

This procurement network operates on behalf of Iran’s Ministry of Defense and Armed Forces Logistics (MODAFL), which oversees several firms involved in UAV and ballistic missile development.

Tuesday’s action, which follows OFAC’s March 9, 2023 designation of a China-based network in connection with Iran’s UAV procurement efforts, as well as several previous OFAC actions targeting Iran’s UAV

manufacturers and their executives since September 2022, is being taken pursuant to Executive Order (E.O.) 13382.

Related Indictments

A federal court in the District of Columbia unsealed two indictments Tuesday charging multiple defendants with violations of the Arms Export Control Act (AECA) and the International Emergency Economic Powers Act (IEEPA) for their roles in separate schemes to procure and export U.S. technology to Iran between 2005 and 2013.

One indictment concerned the export from the United States and transshipped through Turkey a device that can test the efficacy and power of fuel cells and attempted to obtain a bio-detection system that has application in weapons of mass destruction (WMD) research and use.

The second case charged conspiracy to obtain U.S. technology, including a high-speed camera that has known nuclear and ballistic missile testing applications, a nose landing gear assembly for an F-5 fighter jet, and a meteorological sensor system.

OFAC / Updates Burma & Belarus Sanctions

Treasury's Office of Foreign Assets Control (OFAC) is amending and reissuing the **Belarus Sanctions Regulations** to implement an August 9, 2021 Belarus-related Executive Order and incorporate a directive regarding sovereign debt. [[Amendment](#)]

OFAC is also publishing an alert regarding sanctions on jet fuel sales to the Burmese military. For additional information about risks associated with doing business with Burma's military regime, please see the *Burma Business Advisory* of January 26, 2022. [[Fact Sheet](#)]. The current SDN List can be accessed [[here](#)]

State Expands Paraguay Corruption Sanctions

The State Department designated of the former Director of the Paraguayan Civil Aviation Authority, a current member of the Paraguayan Panel for the Discipline of Judges and Prosecutors and current Court Clerk Vicente Ferreira for "their involvement in significant corruption."

AP Reports that Paraguay's attorney general launched a criminal investigation Thursday into U.S. allegations that a former Paraguayan president Horacio Cartes and the current vice president were involved in corruption and had ties to a terrorist group.

The U.S. asserts the porous border region that connects Argentina, Bolivia, Brazil and Paraguay is a hub for money laundering of illicit activity.

In January the State Department issued sanctions against former President and current Vice, citing "systemic corruption that has undermined democratic institutions in Paraguay."

The State Department has said that corruption in Paraguay often prevents convictions in money-laundering and terrorism financing cases.

***** Calendar *****

The Materials and Equipment Technical Advisory Committee will meet on March 30, 2023, 10 a.m., Eastern Daylight Time. The meeting will be virtual.

WITA Welcomes Dr. Ngozi Okonjo-Iweala, Director-General of the WTO.

Wednesday, April 12, 2023. 9:30 AM - 12:00 PM ET. Hybrid: In-person and via Zoom | In-Person Event in the Rotunda | Ronald Reagan Building & International Trade Center, 1300 Pennsylvania Ave, NW, Washington, DC

Get the full story on our new website:

www.wttonline.com