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Tai Defends Her Trade Approach over Free Trade Agreements

US Trade Representative Katherine Tai defended the Administration trade policy yesterday against criticisms that the White House is failing to open new markets by eschewing traditional comprehensive free trade agreements. Instead, the Administration's focus on a worker-centered trade policy and investment in advanced manufacturing and infrastructure to create new jobs is a better fit for today's world, Ms. Tai told the audience at the American University Washington College of Law.

"We are investing in American communities," she said. "We are writing a new story on trade, one that makes us more resilient, our economy more sustainable, and our results more inclusive….Whether you have a college degree or not, whether you have five employees or five hundred, whether you are a small dairy farmer in Wisconsin or a steelworker in Pennsylvania – trade should work for more Americans and help build the economy from the bottom up and the middle out," she continued. "This is our worker-centered approach to trade, and it is at the heart of everything we are doing."

Costs of Traditional Trade

The traditional approach to trade, which prioritized aggressive liberalization and tariff elimination, had significant benefits in terms of increased economic activity and reduced poverty in some regions, she said. "But we must also acknowledge that the focus on maximum efficiency above all else had significant costs and side effects. Prosperity without inclusiveness contributed to rising inequality and wealth concentration."

"All of this has fueled resentment and mistrust in global institutions and the international economic system here in the United States and elsewhere," Ms. Tai said. "And this version of globalization – focused on low costs and weak regulation – is responsible for how economies like the People's Republic of China came to control a number of key industries."

"The China Problem"

Even after 20 years of World Trade Organization membership, Beijing has embraced a state-led, non-market economic model and "continues to use unfair, distortive trade policies and practices in pursuit of harmful and anticompetitive industrial policy objectives."

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"It is clear today – even to many who are accustomed to a more traditional approach to trade policy – that we must adapt to the realities of today's global economy," she said. "And in this new phase, we must address the PRC's economic mercantilism – to ensure, as the President said in the State of the Union, that the United States is in the strongest position to compete with the PRC, or anyone else in the world."

A key part of the Administration's new trade policy is strengthening cooperation with like-minded economies, according to the Ambassador. "With that goal in mind, we are pursuing new and innovative initiatives with key partners around the world," she said. She cited the Global Arrangement on Sustainable Steel and Aluminum and the Trade and Technology Council agreement with the European Union as examples of these initiatives.

In place of focusing on tariff cuts, the Administration sees greater benefit in tacking technical barrier to trade that keep US products out of foreign markets. The Indo-Pacific Economic Framework is doing away with these kinds of barriers, she said. "The IPEF is not just any traditional trade deal – it is our vision for how countries can collaborate to deliver real opportunities for our people," she said. "We're looking at building on outcomes."

Turning to the WTO, the chief US trade negotiator said the Administration is committed to the WTO and is "leading the way to transform the institution so that it can better promote basic shared values – like fair competition, transparency, and the respect for the rule of law – and address pressing issues like the climate crisis." **On the WTO's dispute settlement system,** Ms. Tai said the process had gotten in the way of members settling disputes. The United States is the biggest user of the system, but very few other members use it. That suggests the entire system needs change.
[Full Remarks]

USTR Budget Request Released

The Office of the United States Trade Representative (USTR) has released its Fiscal Year (FY) 2024 Congressional Budget Justification, outlining the USTR's main priorities. These include promoting a worker-centered trade policy, enhancing economic and national security, addressing unfair foreign trade practices, and expanding US trade and investment opportunities. To achieve these goals, the agency is requesting a budget of $79.8 million, an increase of $4 million from the FY 2023 enacted level.

The two main line items, personnel and travel are little changed from FY 23 estimated spend, although comparisons to the prior year are stark. FY 24 payroll is expected to be 23 percent higher than two years prior, while travel at $8.6 million is nearly three times that of FY 22.

One of USTR's top priorities is promoting a "worker-centered trade policy," that creates good-paying jobs and supports American businesses and workers. The agency plans to achieve this by negotiating trade agreements that prioritize labor standards, enforceable worker protections, and access to markets for US goods and services. USTR will also focus on addressing labor abuses and promoting sustainable development through its trade relationships with other countries.

Another key priority for USTR is enhancing economic and national security by **addressing critical supply chain vulnerabilities** and ensuring that US businesses have access to essential goods and services. The agency will work to reduce US reliance on foreign suppliers for critical materials and technology, while also promoting a level playing field for US businesses in global markets. This will involve addressing unfair trade practices by foreign governments, including intellectual property theft, forced technology transfer, and currency manipulation.

USTR also plans to perform its traditional role, **negotiating new trade agreements and expanding existing ones.** The agency will prioritize negotiations with the Indo-Pacific region, including the Comprehensive and Progressive Agreement for Trans-Pacific Partnership (CPTPP), which it hopes to join in the near future. USTR will also seek to strengthen existing trade relationships, such as with Canada and Mexico under the United States-Mexico-Canada Agreement (USMCA).

In addition to its priorities, the budget justification outlines USTR's budgetary needs for the coming year. The agency is requesting funding for a range of activities, including personnel expenses, travel, and IT infrastructure. **USTR also plans to expand its trade enforcement activities by increasing staffing levels and resources for investigations and litigation.**

The budget justification also highlights USTR's ongoing efforts to reform the World Trade Organization (WTO) and ensure that it remains a relevant and effective forum for international trade. **USTR plans to continue advocating for WTO reform and pursuing cases against countries that violate WTO rules.**

Microsoft Settles with OFAC and BIS for Violations

Microsoft has agreed to pay $3.3 million to settle potential civil liability relating to exporting services or software to comprehensively sanctioned jurisdictions and Specially Designated Nationals (SDNs) in violation of OFAC's Cuba, Iran, Syria, and Ukraine-/Russia-Related sanctions programs.

The majority of the apparent violations involved blocked Russian entities or individuals in the Crimea region of Ukraine, resulting from **Microsoft Entities' failure to identify and prevent their products' usage by prohibited parties.**

Between July 2012 and April 2019, Microsoft Entities were involved in 1,339 apparent violations of multiple OFAC sanctions programs. They sold and activated software licenses and provided related services worth $12,105,189.79 to Specially Designated Nationals (SDNs), blocked persons, and end users in Cuba, Iran, Syria, Russia, and the Crimea region of Ukraine. The apparent violations were committed through servers and systems located in the United States and Ireland.

The causes of these apparent violations included the lack of complete or accurate information on the identities of end customers for Microsoft's products. In certain volume-licensing programs involving sales by intermediaries, Microsoft did not have complete or accurate information on the ultimate end customers. In some instances, Microsoft Russia employees even intentionally circumvented Microsoft's screening controls to hide the identity of the ultimate end customers.

During the time period of the apparent violations, there were shortcomings in Microsoft's restricted-party screening. For example, Microsoft's screening architecture did not aggregate information known to Microsoft, such as an address, name, and tax-identification number, across its databases to identify SDNs or blocked persons. Microsoft also failed to timely screen and evaluate pre-existing customers following changes to OFAC's Specially Designated Nationals and Blocked Persons List (SDN List) and implement timely corrective measures.

Microsoft's screening against restricted-party lists did not identify blocked parties not specifically listed on the SDN List, but owned 50 percent or more by SDNs, or SDNs' Cyrillic or Chinese names. Many customers in Russia and China provided order and customer information in their native scripts. These failures, which also included missing common variations of the restricted party names, resulted in Microsoft engaging in ongoing business relationships with SDNs or blocked persons.

The settlement amount reflects OFAC's determination that the conduct was non-egregious, voluntarily self-disclosed, and significant remedial measures were taken by Microsoft upon discovering the apparent violations. This action was part of a joint administrative enforcement effort with the Bureau of Industry and Security (BIS), which settled with Microsoft for $624,013 for related violations of the Export Administration Regulations. [More details]

OFAC / Rogue Russian Marketplace Sanctioned

Treasury's Office of Foreign Assets Control (OFAC) has designated Genesis Market, one of the world's largest illicit marketplaces, for its part in the theft and sale of device credentials and related sensitive information.

The move follows the Treasury's 2022 *National Money Laundering Risk Assessment*, which identified the risks associated with darknet markets, where criminals can profit from unauthorized access to victim computers by selling stolen data to other criminals for further exploitation.

Genesis Market is believed to operate from Russia and has both a clearnet (traditional internet) and a darknet presence, making it one of the most prominent brokers of stolen credentials and other sensitive information.

The marketplace identifies victim computer systems and gains unauthorized access to them, selling this access to cybercriminals for further exploitation. Its website compiles stolen victim data, including computer and mobile device identifiers, email addresses, usernames, passwords, and other credentials from malware-infected systems around the world, and packages it for sale.

As of February 1, 2023, there were approximately 460,000 packages listed for sale on Genesis Market, each representing a single, compromised victim computer or device. These packages contain stolen passwords and personal information for a variety of online accounts, including email, social media, and video streaming platforms, among others.

According to the OFAC, Genesis Market sells stolen credentials from leading U.S. and international companies and facilitates cybercrimes against them. In June 2021, a U.S. company was breached by hackers who stole sensitive data, including a software engine and source code. The hackers were able to access the

U.S. company's system because of a cookie purchased from Genesis Market. The marketplace has also been used by cybercriminals to target U.S. government organizations.

In response to this threat, the OFAC has designated Genesis Market, thereby blocking all property and interests in property of the entity that are in the United States or in the possession or control of U.S. persons.

Trade Deficit Improves, Year on Year

The U.S. Census Bureau and the U.S. Bureau of Economic Analysis announced that the goods and services deficit rose to $70.5 billion in February, a $1.9 billion increase from January's revised figure of $68.7 billion. This increase was primarily driven by a rise in the goods deficit and a slight increase in the services surplus.

Key Figures:

1. February exports decreased by $6.9 billion to $251.2 billion, while imports dropped by $5.0 billion to $321.7 billion.
2. The goods deficit increased by $2.7 billion to $93.0 billion, and the services surplus rose by $0.8 billion to $22.4 billion.
3. Year-to-date, the goods and services deficit fell by 20.3%, or $35.5 billion, from the same period in 2022.
4. Exports grew by 10.8%, or $49.5 billion, while imports increased by 2.2%, or $14.0 billion.

Three-Month Moving Averages:

1. The average goods and services deficit rose by $3.3 billion to $68.8 billion for the three months ending in February.
2. Average exports decreased by $0.3 billion to $252.7 billion, average imports increased by $3.0 billion to $321.5 billion.
3. Year-over-year, the average goods and services deficit declined by $15.7 billion from the three months ending in February 2022.
4. Average exports grew by $22.0 billion, and average imports increased by $6.3 billion.

The February figures show trade surpluses with South and Central America ($4.7 billion), Hong Kong ($2.5 billion), Netherlands ($1.8 billion), Belgium ($1.6 billion), Australia ($1.5 billion), Brazil ($0.9 billion), United Kingdom ($0.5 billion), and Singapore ($0.2 billion).

Deficits were recorded with China ($25.2 billion), European Union ($18.1 billion), Mexico ($12.0 billion), Vietnam ($8.1 billion), Germany ($7.9 billion), Japan ($5.7 billion), Canada ($5.6 billion), Taiwan ($4.7 billion), South Korea ($4.5 billion), Ireland ($3.7 billion), India ($3.7 billion), Italy ($3.4 billion), Malaysia ($2.8 billion), Switzerland ($1.7 billion), Saudi Arabia ($0.7 billion), Israel ($0.6 billion), and France ($0.6 billion).

The deficit with China grew by $3.2 billion to $25.2 billion in February, as exports decreased by $1.4 billion to $13.1 billion, and imports increased by $1.8 billion to $38.2 billion.

Treasury Releases DeFi Illicit Finance Risk Assessment

The Treasury has published the *2023 DeFi Illicit Finance Risk Assessment*, the first illicit finance risk assessment conducted on Decentralized inance (DeFi). The assessment considers risks associated with what are commonly called DeFi services. While there is currently no generally accepted definition of DeFi, the term broadly refers to virtual asset protocols and services that purport to allow some form of automated peer-to-peer transactions, often through use of self-executing code known as "smart contracts" based on blockchain technology. This term is frequently used loosely by the private sector, often for services that are not functionally decentralized.

Actors like the Democratic People's Republic of Korea (DPRK), cybercriminals, ransomware attackers, thieves, and scammers are using DeFi services to transfer and launder their illicit proceeds. They are able to exploit vulnerabilities, including the fact that many DeFi services that have anti-money laundering and countering the financing of terrorism (AML/CFT) obligations fail to implement them.

"Risk assessments play a foundational role in promoting understanding of the illicit finance risk environment and more effectively protecting the integrity of the U.S. financial system," said, **Under Secretary of the Treasury for Terrorism and Financial Intelligence Brian E. Nelson**. "Our assessment finds that illicit actors, including criminals, scammers, and North Korean cyber actors are using DeFi services in the process of laundering illicit funds. Capturing the potential benefits associated with DeFi services requires addressing these risks. The private sector should use the findings of this assessment to inform their own risk mitigation strategies and to take clear steps, in line with AML/CFT regulations and sanctions obligations, to prevent illicit actors from abusing DeFi services."

The primary vulnerability that illicit actors exploit stems from non-compliance by DeFi services with AML/CFT and sanctions obligations. DeFi services engaged in covered activity under the Bank Secrecy Act have AML/CFT obligations regardless of whether the services claim that they currently are or plan to be decentralized. Other vulnerabilities include the potential for some DeFi services to be out of scope for existing AML/CFT obligations, weak or non-existent AML/CFT controls for DeFi services in other jurisdictions, and poor cybersecurity controls by DeFi services, which enable the theft of funds.

While risk assessments are primarily designed to identify the scope of an issue, the study also includes recommendations for U.S. government actions to mitigate the illicit finance risks associated with DeFi services. These include:

- strengthening U.S. AML/CFT regulatory supervision
- considering additional guidance for the private sector on DeFi services' AML/CFT obligations
- assessing enhancement to address any AML/CFT regulatory gaps related to DeFi services

The DeFi risk assessment builds upon Treasury's other recent national risk assessments and furthers the work outlined in Executive Order 14067 on "Ensuring Responsible Development of Digital Assets." It also includes a request for input from the private sector to inform next steps; Treasury welcomes feedback about the assessment.

WTO / Trade Growth to Slow

International trade growth is expected to decelerate to 1.7 percent in 2023 from 2.7 percent in the last year due to multiple factors ranging from the war in Ukraine, continued high inflation, ultra-conservative monetary policies and financial market uncertainty, according to the World Trade Organization's global trade outlook report released Wednesday.

Although a downturn from last year, the forecast is higher than the 1 percent estimate made last October. Key to the slightly more optimistic estimate is the relaxation of COVID-19 pandemic controls in China, which is expected to unleash pent-up consumer demand in the country, in turn boosting international trade.

WTO economists projected that global trade growth could increase to 3.2 percent next year, but acknowledged that there is an element of "uncertainty" and marked headwinds attached to the overall performance next year.

The economists said that "risks to the forecast are tilted to the downside, including geopolitical tensions, food insecurity, potential financial (in)stability stemming from monetary policy tightening, and increasing levels of debt."

The report does not suggest how global trade is being impacted by the inexorable fragmentation of the global trading system into security-driven blocs like the ones led by the United States through reshoring, friend-shoring and Indo-Pacific Economic Framework, as well as the continued disruption of global supply chains, said analysts familiar with the report.

The other bullet points of the report are that trade volume growth in 2022 "was slower than expected at 2.7% following a fourth-quarter slump, but still stronger than worst-case scenarios considered at the start of the war in Ukraine."

Earlier, WTO economists suggested that food supplies and prices showed an unexpected resilience despite the war that began in Ukraine in February 2022.

In their report, the economists argued that "goods trade was more resilient than expected for most of 2022 despite the drag exerted by the war between Russia and Ukraine."

They maintained that volume growth in merchandise trade averaged 4.2 percent in the first three quarters of 2022, "before a 2.4% quarter-on-quarter decline in the four quarter" that dragged growth for the year down.

They said that "the final result for 2022 was weaker than the WTO's October forecast of 3.5%," while suggesting that it was close to the earlier estimate of 3% from last April, which relied on simulations to gauge the economic impact of the war."

Another important facet of the global trade performance last year was that merchandise trade grew at 12 percent in value terms to $25.3 trillion, "inflated in part by high global commodity prices." The economists estimated that "the value of world commercial services trade increased 15% in 2022 to US$6.8 trillion" in which "digitally-delivered services exports were worth US$3.82 billion."

According to WTO Chief Economist Ralph Ossa, "The lingering effects of COVID-19 and the rising geopolitical tensions were the main factors impacting trade and output in 2022 and this is likely to be the case in 2023 as well. Interest rate hikes in advanced economies have also revealed weaknesses in banking systems that could lead to wider financial instability if left unchecked. Governments and regulators need to be alert to these and other financial risks in the coming months."

According to the report, “several factors contributed to the trade slump in the fourth quarter of 2022, the most conspicuous being the rise in global commodity prices.”

Food and Energy Prices
Explaining the overall performance in the last quarter, WTO economist Coleman Nee pointed

out that food and energy prices receded from their post-conflict peaks by the fourth quarter, they remained high by historical standards and continued to erode real incomes and import demand.

He suggested that COVID-19 infections in China during the last quarter of 2022 had a major impact on the Chinese economy, resulting in a drop in China’s GDP by almost 0.4 percent.

According to the report, “Europe’s expected GDP growth has been revised up by 0.7 percentage points while Asia’s has been revised down by 0.4 points.” Further, “stronger than expected GDP growth in Europe would stimulate intra-EU trade, which gives Europe extra weight in world totals.”

Mr. Nee said that Europe’s exports are now projected to grow by 1.8 percent in 2023, up from the previous estimate of 0.8 percent., while “Europe’s imports are expected to decline by 0.6% this year, less than the previous estimate of -0.7%.”

As regards North America, the report forecast the “strongest merchandise export growth of any WTO region in 2023 (3.3%), followed by the CIS (2.8%), Asia (2.5%) and Europe (1.8%).”

The report expects “weaker export growth is expected in the Middle East (0.9%) and South America (0.3%) while Africa’s goods exports are expected to decline

USTR / Trade Barriers Report

In the recently released *2023 National Trade Estimate Report on Foreign Trade Barriers* (NTE Report), **US Trade Representative Katherine Tai** outlines the most significant barriers to US exports, investment, and e-commerce.

The report covers over 64 markets that constitute 99% of US goods trade and 66% of US services trade, focusing on areas such as import policies, technical trade barriers, and intellectual property protection. **Among the highlighted obstacles are agricultural trade barriers**, such as China's and Indonesia's complex facility registration requirements and sanitary and phytosanitary measures in countries like India and Mexico. The NTE report also points out digital trade barriers, including restrictive data policies in China, the EU, and India, which impact US digital exporters.

China's state-led, non-market approach to the economy and trade is mentioned as a significant concern, with the country's policies providing unfair advantages to Chinese companies and disrupting global markets. The US Trade Representative is committed to utilizing domestic trade tools to counteract these harmful industrial policies.

Labor rights concerns in countries like China, Bangladesh, and the Dominican Republic are also detailed in the report. The report details steps taken to address these issues, such as imposing sanctions and creating working groups to improve labor law enforcement.

Lastly, the report identifies **technical barriers to trade**, such as automotive safety standards that exclude US vehicles and non-tariff barriers in Japan's automotive market. Over the coming year, the US Trade Representative plans to continue engaging with foreign governments to address these obstacles and ensure market access for US exports. [Full Report]

WTO / US and China Clash Over National Security Exception

China and the United States clashed at the meeting of the Council for Trade in Goods (CTG) on April 3-4 over trade restrictive measures imposed on the basis of the national security exception. The conflict arose as China raised new specific trade concerns and requested clarification about actions taken by the United States, Japan, and the Netherlands to impose export restrictions on electronic chipmaking equipment.

Despite disagreement on the list of names for new chairs of CTG subsidiary bodies, members were said to have taken an important step towards World Trade Organization (WTO) reform by adopting concrete action to improve the practical functioning of the Council and enhance its transparency.

China criticized the United States for implementing "disruptive and restrictive measures in the name of national security" since 2018, citing US export control measures under the Foreign Direct Product Rule as an example of extreme unfairness. China also raised concerns about battery components made in China being considered a potential threat to US national security.

In response, the United States stated that the Goods Council was not the appropriate forum to discuss issues related to national security.

China further raised concerns related to the "United States Section 301 duties on certain goods from China," which has been extended despite a panel ruling that these measures were inconsistent with WTO rules. The US replied that China's decision to continue raising this matter has been a waste of WTO resources, given that China has already unilaterally imposed the only remedy that the WTO dispute settlement body could potentially authorize.

China also raised a new concern about the "Agreement between the United States, Japan and the Netherlands on export restrictions on the export of chips," asking if the agreement exists and if so, if it should be notified and reviewed by WTO members. The United States repeated that the Goods Council was not the appropriate forum to discuss issues related to national security, including export controls.

The Council heard a total of 41 trade concerns on maintained or newly introduced measures by over 20 WTO members, which included non-tariff barriers on agricultural products, quality schemes for agricultural products and foodstuffs, tariffs and tariff rate quotas (TRQs), technical barriers to trade, sanitary and phytosanitary measures, import/export bans and restrictions, subsidies, domestic certification and administrative procedures.

Members were unable to agree on a proposed list of names of chairpersons for the 14 subsidiary bodies that report to the CTG, including the Market Access Committee, Agriculture Committee, Sanitary and Phytosanitary Measures Committee, Technical Barriers to Trade Committee, and others. Despite this, the CTG took an important step towards WTO reform by adopting concrete action to enhance transparency and improve the practical functioning of the Council.

*** Briefs ***

EU / US Energy Council & Task Force Set Goals The tenth EU-US Energy Council met in Brussels, attended by key representatives from the European Union and the United States. The Council serves as the primary forum for transatlantic coordination on strategic energy issues, aiming to enhance energy security, promote energy efficiency, develop technologies for net-zero emissions, and support research, innovation, and business cooperation. 10278

G7 Trade Ministers Target China's Economic Practices Trade ministers from the Group of Seven (G7) nations convened in a virtual meeting hosted by Japan, this year's G7 president, to discuss concerns about global economic issues, including "economic coercion" and non-market trade practices. These issues are believed to be aimed at China, whose trade policies have increasingly come under scrutiny. 10268

Ag Trade Mission to Netherlands Agriculture Undersecretary for Trade and Foreign Agricultural Affairs Alexis Taylor will be leading the department's first-ever regional agribusiness trade mission to the Netherlands. Ms. Taylor will head a diverse delegation of more than 50 business, trade associations and state government leaders seeking to grow US agricultural exports to the Netherlands, Scandinavia and beyond on the April 17-20 mission. 10283

U.S. Farmers Losing Patience with Slow Progress in Cuba U.S. agro-businesses, participating in a trade tour in Cuba, expressed frustration over the slow progress in boosting commerce with Cuban farmers and called on the Biden administration to ease restrictions, allowing them to invest in the island's private agriculture sector. 10269

Blacklisted Trader Indicted for Defense Item Smuggling. An Estonian national has been indicted on eighteen counts related to conspiracy and other charges, including the procurement of sensitive US-made electronics for the Russian government and military. He engaged in this conduct despite being listed on the US Department of Commerce-maintained "Entity List," which designates individuals and companies barred from exporting items from the United States without a license. [Link]

$826K Forfeited in Failed Russian Machine Tool Sale A federal court has ordered the forfeiture of approximately $826,000 in funds connected to an attempt to smuggle a dual-use export-controlled item to Russia. The high-precision jig grinder, manufactured in Connecticut, was intercepted in Riga, Latvia, before it could be shipped to Russia. The machine is subject to export restrictions due to its potential applications in nuclear proliferation and defense programs. 10272

Civil Nuclear Mission to IAEA Seeks Members Commerce's International Trade Administration announces the U.S. Industry Program (USIP) at the International Atomic Energy Agency (IAEA) General Conference in Vienna, Austria, from September 24-27, 2023. This program aims to promote U.S. civil nuclear companies' services and technologies to an international audience, including senior energy policymakers from current and emerging markets and IAEA staff. 10274

Defense Offsets Reporting due June 15 For the next annual offset report reflecting calendar year 2022 data, U.S. firms must submit the required information on offsets agreements and transactions from calendar year 2022 to BIS by June 15, 2023. Offsets are compensation practices required for purchasing defense articles or services, which can include training assistance, technology transfers, or other non-monetary compensation. 10273

AUKUS Partnership to Bolster Hypersonic and Quantum Development In a recent panel discussion, Stephen Lovegrove, Britain's former national security adviser, acknowledged that Britain had fallen behind in hypersonic technology and expressed optimism that the AUKUS partnership would help bridge the gap, reports Reuters. The AUKUS alliance, comprising Australia, the United Kingdom, and the United States, aims to strengthen defense and security ties among the three nations. 10270

China Plans Undersea Cable to Rival U.S.-Backed Project China is moving ahead with plans to develop a $500 million undersea fiber-optic internet cable network, linking Asia, the Middle East, and Europe, according reporting from Reuters. This ambitious effort, spearheaded by state-owned Chinese telecom firms, is seen as a direct rival to a similar U.S.-backed project and threatens to deepen the ongoing tech war between Washington and Beijing. 10279

Japan Joins US & Netherlands on Semi Equipment Controls. Japan has announced plans to impose export restrictions on 23 types of equipment used in the production of semiconductors, as part of a three-way agreement with the US and the Netherlands to limit China’s access to cutting-edge chips. The move by Japan follows similar curbs by the US aimed at restricting China’s access to advanced technology in an escalating battle over the technology. 10251