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[BIS End User Changes / US Persons Rules](#)

Commerce released two new proposed rules governing military and intelligence end uses and end users, including activities by U.S. persons, as well as amendments to the EAR controls on Foreign-Security End Users (FSEUs) and expanding controls on activities of "U.S. persons."

BIS is proposing amendments to control "support" furnished by "U.S. persons" to identified foreign- security end users.

These rules propose to implement the broadest expansion of presidential export control authority since the Export Control Reform Act (ECRA) was signed in August 2018. [READ MORE](#)

[State revises ITAR on defense services](#)

The Departments of State and Commerce are each issuing separate but complementary proposed rules regarding personal services to foreign defense and intelligence activities.

State's review of "defense service" in the ITAR focused on identifying activities of U.S. persons that provide a critical military or intelligence advantage such that they warrant control under the ITAR and are activities that are not currently subject to the ITAR; or are controlled under the ITAR, but the current control language would benefit from additional clarity.. [READ MORE](#)

[Senate Banking Grills Industrial Security Heads](#)

Industrial Security leadership from Treasury, Commerce, and the DoD testified before the Senate Banking Committee on Thursday, calling for resources and legislative support as demands on their remit grow

The witnesses testified in support of Defense Production Act reauthorization, continued vigilance on outbound and inbound foreign investment, and enhanced resources for trade security at BIS. [READ MORE](#)

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WTO & GENEVA

Brazil's Ag Trade Plan Stalls

Brazil's much-publicized proposal on to move forward the long-stalled World Trade Organization agriculture negotiations appears to be another casualty of WTO members' inability to find consensus, said people familiar with the developments.

Brazil appears to have pulled out all the stops trying to secure support from key countries like the United States, the European Union, China and farm offensive and defensive countries, in an effort to ensure its passage at the WTO's General Council meeting earlier this week. [READ MORE](#)

WTO Fails on Fisheries

Members of the World Trade Organization have ended the first half of this year on a somber note of failure, with little or no consensus on any of the targeted negotiations, including disciplines on fisheries subsidies that led to the depletion of global fish stocks.

Members failed to find a way forward on a planned second phase of disciplines on subsidies contributing to overcapacity and over fishing during a two-day meeting of the General Council that ended Tuesday. [READ MORE](#)

TRADE POLICY & POLITICS

AGOA Forum in Washington

United States Trade Representative Katherine Tai this week hosted the 2024 U.S.-sub-Saharan Africa Trade and Economic Cooperation Forum (AGOA Forum) in Washington, D.C.

The AGOA trade preference program overall has been a success, but is "showing some age," making its upcoming reauthorization the perfect opportunity to think about how to improve it, US Trade Representative Katherine Tai said earlier this week.. [READ MORE](#)

Bill to Prosecute Trade Crimes

A bipartisan group of House lawmakers, including the chairman and ranking member of the House Select Committee on China, unveiled legislation yesterday creating a new structure within the US government to prosecute international trade crimes.

This bill would direct DOJ to establish a new structure dedicated to prosecuting international trade crimes in order to enhance US capabilities for detecting, investigating and prosecuting trade fraud, duty evasion, transshipment and other trade-related crimes. [READ MORE](#)

[China Exposure Disclosure Mandate](#)

House China hawks introduced legislation aimed at "ensuring transparency into the material and systemic risk posed by US investment in and reliance on China."

The PRC Risk Transparency Act will require public companies with "meaningful exposure" to China to disclose what percentage of their revenue, profit, capital investment and supply chain is tied to the PRC. It also will require these companies to disclose their relationships with the Chinese Communist Party and with companies identified by the US government as national security threats or human rights violators. [READ MORE](#)

[Chinese Connected Vehicles Ban Floated](#)

Legislation to ban Chinese-made connected vehicles from US military bases and other federal installations was introduced yesterday by Sen. Sherrod Brown (D-Ohio). The Countering Adversary Reconnaissance (CAR) Act would bar Chinese connected vehicles from much of the U.S., making it impractical and unprofitable to import them in the first place. ... [READ MORE](#)

[Rep. Green's move to null Firearms Rule advances](#)

A joint resolution of Congress to void and nullify the Commerce Department's "Revision of Firearms License Requirements" (89 Fed. Reg. 34680) passed out of the House Committee on Foreign Affairs July 11 on a vote of 24 to 23. Sponsored by Rep. Mark Green (R-Tenn), the motion is a companion to his "Stop the Bureaucratic Ineptitude Shuttering Respectable and Upstanding Lawful Exporters Act" or the "Stop the BIS Rule Act" (HR 8208) introduced in May. [READ MORE](#)

OFAC & FinCEN

[CFIUS Annual Report Released](#)

The Committee on Foreign Investment in the United States (CFIUS), released its Annual Report to Congress for calendar year 2023. The Annual Report highlights key indicators of CFIUS's activities and provides statistics on transactions that CFIUS evaluated in 2023.

For the three-year period from 2021 through 2023, investors from China filed the highest number of notices, accounting for 13.5 percent (115 notices) of total notices, followed by investors from Singapore with 8.4 percent (72 notices) and Canada with 8.1 percent (69 notices). Japan and the United Kingdom round out the top five with 6.5 percent each (56 notices each). [READ MORE](#)

OFAC Guidance on Statute of Limitation Change. Rule Pending

The U.S. Department of the Treasury's Office of Foreign Assets Control (OFAC) today released guidance addressing questions raised by recent legislation that extended the statute of limitations for violations of certain sanctions that the agency administers.

As explained in the guidance, OFAC may now commence an enforcement action for civil violations of International Emergency Economic Powers Act- or Trading with Enemy Act-based sanctions prohibitions within 10 years of the latest date of the violation if such date was after April 24, 2019.

To match the new statute of limitations period, OFAC anticipates publishing an interim final rule, with an opportunity to provide comment, extending from five years to 10 years the recordkeeping requirements codified at 31 C.F.R. § 501.601. [READ MORE](#)

FINCEN notice to beneficial owners

Financial Crimes Enforcement Network (FinCEN) issued a notice to customers of financial institutions about reporting beneficial ownership information. [READ MORE](#)

REPO Act Reporting by August 2

All financial institutions at which Russian sovereign assets are located, and that know or should know of such assets, must provide notice of such assets to OFAC no later than August 2, 2024 [READ MORE](#)

China - DPRK Missile Procurement Network

OFAC sanctioned a network of six individuals and five entities based in the People's Republic of China (PRC), involved in the procurement of items supporting the Democratic People's Republic of Korea's (DPRK) ballistic missile and space programs. [READ MORE](#)

Other OFAC Action: Africa, Guatemala, Fentanyl

Other OFAC enforcement actions this week targeted ISIS facilitators in several African states, rebels in the Democratic Republic of Congo, a Guatemalan human smuggling network, and two members of Cartel de Jalisco Nueva Generacion and related firms involved in the fentanyl trade. [READ MORE](#)

EXPORT CONTROLS

[BIS formalizes Iran FDP Rule Changes imposed by Congress](#)

July 24 the Bureau of Industry and Security published a Final Rule formalizing the changes to the Export Administration Regulations imposed by Congress in the emergency supplemental appropriation [HR 815] signed into law April 24th.

As a result of this new FDP Rule, exporters require a U.S. Government authorization for transfer of these items when produced outside the United States with certain U.S. technology, software, or production equipment when exports are destined to Iran or for use in connection with certain equipment destined to Iran, even when such items were never exported from the United States. [READ MORE](#)

[Correction to Standards Rule issued](#)

On July 18, 2024, the Bureau of Industry and Security published an interim final rule that revised the Export Administration Regulations (EAR). That rule inadvertently revised language related to recent changes to the Entity List. This document corrects the inadvertent revisions introduced in the July 18, 2024, rule. [READ MORE](#)

[DPAS Amendments Finalized, effective August 21](#)

The Bureau of Industry and Security is finalizing amendments to its Defense Priorities and Allocations System (DPAS) regulation as originally proposed on February 7, 2024 with minor technical amendments. This final rule is effective August 21, 2024.

This final rule clarifies existing standards and procedures by which BIS may provide Special Priorities Assistance (SPA); revises Schedule I to provide transparency and differentiation between other departments' priorities jurisdiction and the Department of Commerce's jurisdiction; and provides technical edits to reflect certain non-substantive updates since the DPAS regulation was last amended in 2014. [READ MORE](#)

ENFORCEMENT

[Iranian National Extradited to US in Export Control Evasion Scheme](#)

Iranian national Saeid Haji Agha Mousaei, 53, made his initial appearance yesterday in Chicago federal court following his extradition from the United Kingdom to face charges for his role in a years-long conspiracy to evade U.S. export restrictions and transship advanced U.S. electronic testing technology to Iran using third-party countries.

Mousaei and his co-defendants understood export restrictions on U.S.-origin goods to prohibited destinations like Iran and falsely represented to U.S. distributors that their purchases would remain in countries other than Iran, like the United Arab Emirates (UAE) or Armenia, where the defendants controlled unnamed companies.

In reality, after arranging for distributors of U.S.-origin goods to export shipments to the UAE, the defendants allegedly transshipped goods from the UAE to Iran without the required license and in violation of U.S. law. [READ MORE](#)

[State Street fined \\$7.4 million for Russia Sanctions](#)

OFAC announced a \$7,452,501 settlement with State Street Bank and Trust Company on behalf of itself and its subsidiary, Charles River Systems, Inc. State Street agreed to settle its potential civil liability for 38 apparent violations of OFAC's Ukraine-/Russia-Related sanctions.

The apparent violations involved invoices that were redated or reissued by Charles River between 2016 and 2020 for certain customers who were subject to Directive 1 of Executive Order 13662, as well as certain payments outside of the applicable debt tenor (maturity range) accepted by Charles River from these customers. [READ MORE](#)

["Cooperative Contact" charged as Chinese agent.](#)

A Florida man was charged with conspiring and acting as an agent of the PRC without notification to the Attorney General. If convicted, he faces a maximum penalty of 15 years in prison.

From as early as 2012, Peng Li, 59 allegedly served as a cooperative contact working at the direction of officers of the Ministry of State Security to obtain information of interest to the PRC government. [READ MORE](#)

[DPRK Hospital Hacker Charged](#)

A grand jury in Kansas City, Kansas, returned an indictment on Wednesday charging a fugitive North Korean national for his involvement in a conspiracy to hack and extort U.S. hospitals and other health care providers, launder the ransom proceeds, and then use these proceeds to fund additional computer intrusions into defense, technology, and government entities worldwide.

Rim Jong Hyok worked for North Korea's Reconnaissance General Bureau (RGB), a military intelligence agency, and participated in the conspiracy to target and hack computer networks of U.S. hospitals and other health care providers, encrypt their electronic files, extort a ransom payment from them, launder those payments, and use the laundered proceeds to hack targets of interest to the North Korean regime. [READ MORE](#)

[Two Years for Shipments to Russia](#)

An Illinois woman was sentenced to 24 months in federal prison for conspiring to unlawfully export to Russia defense articles – including thermal imaging riflescopes and night-vision goggles – without a license in violation of the Arms Export Control Act.

To conceal her unlawful activities, when Shifrin exported the defense articles to Russia, she listed fictitious sender names and addresses on the packages containing the defense articles, falsely identified the items in the packages as non-export-controlled items such as clothing, and concealed the defense articles in other items such as toolkits and kitchen appliances. [READ MORE](#)

SUPPLY CHAIN / LOGISTICS

[USMCA Labor Complaint Targets Chinese Plant](#)

The United States is asking Mexico to review whether workers at a Chinese-owned manufacturing facility located in Mexico are being denied worker rights. The request, under the US-Mexico-Canada Agreement's rapid response labor mechanism, seeks information on whether workers at the Impro Industries Mexico, S. de R.L. de C.V. facility in the city of Villa de Reyes in the State of San Luis Potosí, Mexico, are being denied the right to freedom of association and collective bargaining.

Impro is a Hong-Kong based maker of cast and machined component parts for use in the aerospace, energy, medical, automotive, and agricultural industries,. Impro's 'Phase One' Project features a 1,200,000 square feet facility, 45km south of the San Luis Potosi International Airport. [READ MORE](#)

[CBP Requires more info for de-minimis entries](#)

U.S. Customs Border Protection (CBP) has successfully completed the first of two releases for the Section 321 – Does Not Exceed \$800 in Aggregated Shipments deployment.

The estimated date of arrival is now required for all entry type 86 (ET 86) submissions in the Automated Commercial Environment (ACE). [READ MORE](#)

[CBP Lacey Act Update](#)

U.S. Customs and Border Protection's Office of Trade and the USDA is hosting a webinar on Wednesday, August 21, 2024, at 2:00 p.m. ET titled Lacey Act and Phase VII Implementation.

The webinar will provide an overview of the Lacey Act, describe the 2008 amendments to the act covering plants and plant products and their requirements, and provide the latest updates on Phase VII of the Import Declaration Implementation Schedule. [READ MORE](#)