



EIB World Trade Headlines

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Fax: (978) 250-4529 • P.O. Box 4008, Chelmsford, MA 01824

August 15, 2018 - Volume 10, Issue 15

GE Engineer Linked to China Stole Power Plant Technology, FBI Says

By Thomas Gryta. WSJ

Updated Aug. 2, 2018 8:27 p.m. ET

A General Electric Co. GE -0.53% engineer with ties to Chinese companies was arrested and accused of stealing files related to proprietary power-turbine technology, which the FBI says he elaborately concealed to avoid detection.

Xiaoqing Zheng, a U.S. citizen, was hired by GE in 2008 to work in its power division in Schenectady, N.Y., according to an affidavit by a Federal Bureau of Investigation agent filed Wednesday in federal court in Albany, N.Y.

The FBI is conducting a wider inquiry into the suspected theft and use of GE's trade secrets. Agents searched Mr. Zheng's house Wednesday and seized his passport, electronic devices and a handbook that explains "the type of resources the government of China will give to individuals or entities who can provide certain technologies," according to the affidavit.

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To conceal the documents, the FBI said, Mr. Zheng on July 5 embedded encrypted files into the code of a seemingly innocuous image of a sunset to send them to a personal email address, the FBI alleged. He told FBI agents that he used similar techniques to take GE materials on five to 10 previous occasions, according to the affidavit.

Mr. Zheng told GE he was the owner of a business called Nanjing Tainyi Aeronautical Technology Ltd. located in Nanjing, China, which he described as a parts supplier for civil aviation engines, according to the complaint. The FBI said he was also an owner and general manager of other Chinese firms.

GE declined to comment beyond its statement, citing the continuing investigation.

In 2014, GE's corporate security learned that Mr. Zheng had copied more than 19,000 files from a GE-owned computer to an external storage device, according to the FBI affidavit. Mr. Zheng told GE security officials in 2014 that he had deleted the files.

Mr. Zheng's attorney, Kevin Luibrand, disputed the allegations, saying his client had not given the GE files to anyone else.

"Dr. Zheng is highly educated scientist with 40 GE patents," Mr. Luibrand said. "GE acknowledged that he could and did have a separate business—and the core of the allegations are that he transmitted information on his own patents to himself and to no one else."

Mr. Zheng appeared in court Thursday afternoon and was ordered to post \$100,000 bail, which he agreed to do by using equity in his house. He was also ordered to restrict his travel and to wear an electronic monitoring device, according to a court filing.

GE said it was aware of the arrest and has been in "close cooperation with the FBI for some time on this matter." The company said it protects and defends its intellectual property with "strict processes in place for identifying these issues and partnering with law enforcement."

Mr. Zheng has degrees from Northwestern Polytechnic University and the Massachusetts Institute of Technology. While employed by GE, Mr. Zheng owned at least one company in China that is working on technology similar to his work at GE, according to the affidavit. GE was aware of his potential business conflicts, the FBI said, and permitted Mr. Zheng to remain employed.

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In late 2017, GE discovered he had saved about 400 files on his desktop computer using encryption software not used by the company. This prompted GE to install software on Mr. Zheng's computer to monitor his activities, leading to the discovery of him sending the confidential files to himself in early July, the FBI said. "Zheng's actions (moving the files, renaming them, encrypting them, and hiding them within the binary code of seemingly harmless files) are uncommon even among trained computer experts," the FBI said.



An FBI agent escorts Xiaoqing Zheng, an engineer with GE's Power division, into the federal courthouse in Albany, N.Y., on Wednesday. PHOTO: LORI VAN BUREN/ALBANY TIMES UNION

Russia Threatens U.S. Space Program Over Fresh Sanctions

Russia has threatened to cut off a supply of rocket engines that are crucial to the U.S. space program in retaliation for surprise sanctions over the Skripal poisoning. The U.S. announced Wednesday it would impose new sanctions after Washington determined Moscow had used a nerve agent against Russian former spy Sergei Skripal and his daughter, Yulia. Dawn Sturgess, a mother of three, died after coming across remnants of the poison, which also affected her boyfriend, Charlie Rowley. Russia continues to deny any involvement in the attempted murders using a Soviet-era nerve agent known as Novichok. "On August 8, 2018 our Deputy Chief of Mission was informed in the State Department of new 'draconian' sanctions against Russia for far-fetched accusations of using the 'Novichok' nerve agent against a U.K. citizen," the embassy said in a statement. "We grew accustomed to not hearing any facts or evidence." The value of the Russian ruble slid by more than 1 percent against the dollar Thursday, a day after falling toward its lowest level in nearly two years. The Russian embassy said it continued to advocate for a transparent investigation into the poisoning.

USAF Awards Raytheon \$96 M for MALD Missile Production

Raytheon Company (NYSE: RTN) received a \$96.1 million contract to produce 250 Miniature Air-Launched Decoys, or MALD® missiles. The U.S. Air Force award occurred just prior to Raytheon marking its 2,000th MALD system delivery, and 10th year of on-time customer deliveries.

The MALD system is an air-launched missile with both decoy and jamming capabilities that can electronically stimulate and then neutralize enemy air defense systems. Raytheon produces the MALD-J jamming variant, and is also developing a system for the U.S. Navy.

"MALD gives fighter pilots control of the skies, so they can stay out of harm's way," said Mike Jarrett, Raytheon Air Warfare Systems vice president. "We're at the leading edge of electronic warfare, to defeat the most advanced air defense systems."

Boeing to Establish New Aerospace & Autonomy Center

Under the agreement, Boeing will lease 100,000 square feet of research and lab space inside a new 17-floor building at 314 Main Street in Cambridge. The new center will house employees from Boeing and subsidiary Aurora Flight Sciences, who will focus on designing, building and flying autonomous aircraft and developing enabling technologies.

The investment in the new center follows the recent creation of Boeing NeXt. This new organization unites researchers and projects across the company to shape the future of travel and transport, including the development of a next-generation airspace management system to enable the safe coexistence of piloted and autonomous vehicles. Employees at the center will help develop new technologies in support of Boeing NeXt programs.



The Future In Finance Tech Start Ups

ack Ma's giant financial startup Ant Financial is disrupting the Chinese banking system. Ant Financial, formerly known as Alipay, is an affiliate company of the Chinese Alibaba Group, is transforming how Chinese run their daily finances. It was founded by Jack Ma in 2014. Ant, according to Stella Yifan Xie of the Wall Street Journal, "has become the world's biggest financial-technology firm, driving innovations that let people use their phones for buying insurance as easily as groceries, enabling millions to go weeks at a time without using physical cash." Its online payments platform completed more than \$8 trillion of transactions last year—the equivalent of more than twice Germany's gross domestic product. It's currently valued at \$150 billion.

Blockchain startup Ultrain raises \$20 million at \$200 million valuation. Ultrain, the next generation public-blockchain technology venture, has raised a \$20 million for the development of Ultrain technology and business ecosystem, and the building of global community. Founded in 2017, Ultrain is a next generation public-blockchain technology venture that focuses on building a high performance decentralized blockchain platform through its programmable tech-infrastructure. The startup is now valued at \$200 million. The funding was led by top global venture capital firms and crypto funds, including Danhua Capital (DHVC), Sky9 Capital, FBG Capital, Ceyuan Venture, 8 Decimal Capital, and others.

Crypto startup Coinbase hires first chief compliance officer to legitimize crypto in the eyes of institutional investors and regulators. Coinbase, the popular cryptocurrency trading platform, has hired Pershing veteran Howowitz, formerly global head of compliance at Pershing. The hire is "one more important step" to legitimizing crypto in the eyes of institutional investors and regulators who have been hesitant about security and headline risks. Coinbase said the hire reflects its commitment to compliance, as well as its recognition that companies require seasoned teams to deal with regulatory requirements in different countries. Before Pershing, Horowitz led compliance and anti money laundering programs at Citigroup, Goldman Sachs, and Salomon Brothers, and was a banking regulator with the Federal Deposit Insurance Corporation.

Bitcoin mining startup Bitmain reports a net profit of \$1.1 billion in just 3 months (Q1 2018). Bitmain Technologies (Bitmain), the Beijing, China-based manufacturer of Bitcoin mining hardware and other related services, reported a net profit of \$1.1 billion in the first quarter of 2018, according to report from Fortune and Bloomberg citing an email obtained from a source close to the company. Reaping huge profit is not new to the company. Back in 2017, the company posted an eye-popping returns in 2017.

F-35 Jets Use New Vertical Landing Pads at RAF Marham for the First Time

The UK's new F-35 multi role combat jets have used their vertical landing capability to land on new Vertical Landing Pads (VLPs), at RAF Marham for the first time.

To support the aircraft's short take off vertical landing (STOVL) capability, the Defence Infrastructure Organisation is building three VLPs through its contractors, a joint venture between Galliford Try and Lagan Construction, at RAF Marham. The Norfolk site is the Main Operating Base for the F-35 in the UK.

The F-35's STOVL capability will provide operational flexibility including landing on the Royal Navy's new Queen Elizabeth Class aircraft carriers. Initial flight trials of the F-35 Lightning aircraft from HMS Queen Elizabeth are on track for 2018, allowing a coherent build-up towards delivering a carrier strike capability for the UK from 2020.

Construction presented a significant engineering challenge. Due to standard concrete not being suitable, the design team had to source special materials from Germany to make a concrete which has the ability to withstand the high temperatures created by aircraft engines. Without this there would be a risk of cracking which in turn could present significant risk to the aircraft. This was the first time this material has been used outside the USA and required a rigorous testing process to ensure the landing pads were fit for purpose.

Lt Col Ian Jenkins, Defence Infrastructure Organisation Project Manager for the VLPs, said:

"Vertical landing is a really exciting military capability and from an infrastructure perspective it's been fascinating to be involved in the design and construction process. It was really exciting and rewarding to see an F-35 landing on the first vertical landing pad to be finished and I look forward to seeing more as we continue to work on other infrastructure upgrades required for the F-35s."

Each landing pad measures 67m long and 67m wide, with a central landing area of 30.5m by 30.5m. Four F-35B Lightning aircraft arrived at their new home at RAF Marham on 6 June this year, starting the build-up of the newly-reformed 617 Squadron in the UK. The successful first use of these new VLPs is another step closer towards successfully reaching Initial Operating Capability for the UK by the end of the year.

In addition to its short take off and vertical landing capability, the F-35B's unique combination of stealth, cutting-edge radar, sensor technology, and electronic warfare systems bring all of capabilities of a fifth-generation fighter.

Full-scale bailout for industries impacted by tariffs would cost \$39 billion, Chamber of Commerce says

- Bailing out all the industries affected by President Donald Trump's import tariffs could cost taxpayers \$39 billion, according to the U.S. Chamber of Commerce.
 - The president recently approved \$12 billion in aid to farmers, even though some of them said they didn't want it.
 - Prominent congressional Republicans opposed the bailout, which a Chamber official called "a slippery — and costly — slope."

Risky business 22 Hours Ago | 03:19

Spreading a bailout across all industries affected by the ongoing trade war would cost taxpayers \$39 billion, according to a U.S. Chamber of Commerce analysis.

The Chamber opposes the billions in tariffs that President Donald Trump has slapped on a host of goods from China as well as steel and aluminum imports.

To compensate for the economic damage, Trump recently approved \$12 billion in emergency aid for farmers who produce certain goods, particularly soybeans. The package was touted as a temporary solution while negotiations continue, but the president has taken seething criticism including from his own party and some farmers themselves.

In its study of what would happen should the aid program spread, the Chamber said the effects would be substantial.

"The best way to protect American industries from the damaging consequences of a trade war is to avoid entering into a trade war in the first place," Neil Bradley, the organization's executive vice president and chief policy officer, said in a statement. "The administration's focus should be expanding free trade and removing these harmful tariffs, not allocating taxpayer's money to only marginally ease the suffering for some of the industries feeling the pain of the trade war." The aid package, Bradley said, is "a slippery — and costly — slope."

The Chamber compared the total amount of the farmers' aid to the amount of exports affected by the tariffs, then applied the same ratio across other impacted industries, to come up with the bailout requirement if it was applied across the board.

Doing so produced the \$39 billion total — \$12 billion to the farmers, plus another \$27 billion to other industries. The impact ranged from \$43 million for starch and glue producers up to \$7.6 billion for auto, motorcycle and parts manufacturers.

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There have been no indications from the White House that it is considering extending the aid package to other industries.

As a matter of proportion, if the administration did decide to compensate all industries and the Chamber's figures are accurate, the total would amount to about 0.2 percent of GDP and just shy of 1 percent of the fiscal 2018 budget total.

CNBC has reached out to the White House for comment.

1st Boeing Apache, Chinook Helicopters for India Complete Inaugural Flights

Boeing [NYSE: BA] and India recently took a significant step toward modernizing the Indian Air Force's helicopter fleet by completing the first flights of Apache and Chinook helicopters destined for delivery next year.

"We look forward to delivering this phenomenal capability to India," said David Koopersmith, vice president and general manager, Boeing Vertical Lift. "From coastal operations to high-altitude mountainous missions, these aircraft will play vital roles with the Indian armed forces."

India ultimately will receive 22 AH-64E Apache attack, and 15 CH-47F(I) Chinook transport, helicopters.



Commerce Initiates Antidumping Duty (AD) Investigations of Imports of Forged Steel Fittings from Italy, the People's Republic of China (China), and Taiwan and a Countervailing Duty (CVD) Investigation of Imports of Forged Steel Fittings from China

- On October 26, 2017, the Department of Commerce (Commerce) announced the initiation of AD investigations of imports of forged steel fittings from China, Italy, and Taiwan and a CVD investigation of imports of forged steel fittings from China.
- The AD and CVD laws provide U.S. businesses and workers with a transparent, quasi-judicial, and internationally accepted mechanism to seek relief from the market-distorting effects caused by injurious dumping and unfair subsidization of imports into the United States, establishing an opportunity to compete on a level playing field.
- For the purpose of AD investigations, dumping occurs when a foreign company sells a product in the United States at less than its fair value. For the purpose of CVD investigations, a countervailable subsidy is financial assistance from a foreign government that benefits the production of goods from foreign companies and is limited to specific enterprises or industries, or is contingent either upon export performance or upon the use of domestic goods over imported goods.
- The petitioners are Bonney Forge Corporation (Mount Union, PA), and the United Steel, Paper and Forestry, Rubber, Manufacturing, Energy, Allied Industrial and Service Workers International Union (Pittsburgh, PA).
- The products covered by these investigations are carbon and alloy forged steel fittings, whether unfinished (commonly known as blanks or rough forgings) or finished. Such fittings are made in a variety of shapes including, but not limited to, elbows, tees, crosses, laterals, couplings, reducers, caps, plugs, bushings and unions. Forged steel fittings are covered regardless of end finish, whether threaded, socket-weld or other end connections.

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While these fittings are generally manufactured to specifications ASME B16.11, MSS SP-79, and MSS SP-83, ASTM A105, ASTM A350 and ASTM A182, the scope is not limited to fittings made to these specifications.

The term forged is an industry term used to describe a class of products included in applicable standards, and does not reference an exclusive manufacturing process. Forged steel fittings are not manufactured from casting. Pursuant to the applicable standards, fittings may also be machined from bar stock or machined from seamless pipe and tube.

All types of fittings are included in the scope regardless of nominal pipe size (which may or may not be expressed in inches of nominal pipe size), pressure rating (usually, but not necessarily expressed in pounds of pressure, e.g., 2,000 or 2M; 3,000 or 3M; 6,000 or 6M; 9,000 or 9M), wall thickness, and whether or not heat treated.

Excluded from this scope are all fittings entirely made of stainless steel. Also excluded are flanges, butt weld fittings, and nipples.

Subject carbon and alloy forged steel fittings are normally entered under HTSUS 7307.99.1000, 7307.99.3000, 7307.99.5045, and 7307.99.5060. They also may be entered under HTSUS 7307.92.3010, 7307.92.3030, 7307.92.9000, and 7326.19.0010.

The HTSUS subheadings and specifications are provided for convenience and customs purposes; the written description of the scope is dispositive.

- In 2016, imports of forged steel fittings from China, Italy, and Taiwan were valued at an estimated \$78.4 million, \$21.1 million, and \$15.1 million, respectively.

NEXT STEPS

The U.S. International Trade Commission (ITC) is scheduled to make its preliminary injury determinations on or before November 20, 2017.

If the ITC determines that there is a reasonable indication that imports of forged steel fittings from China, Italy and/or Taiwan materially injure, or threaten material injury to, the domestic industry in the United States, the investigations will continue, and the Department will be scheduled to announce its preliminary CVD determination in January 2018 and its preliminary AD determinations in March 2018, though these dates may be extended. If the ITC's determinations are negative, the investigations will be terminated.

For more info:

<https://www.trade.gov/enforcement/factsheets/factsheet-multiple-forged-steel-fittings-ad-cvd-initiation-102617.pdf>

Pentagon creating software 'do not buy' list to keep out Russia, China

Ellen Lord, the under secretary of defense for acquisition and sustainment, told reporters the Pentagon had been working for six months on a "do not buy" list of software vendors. The list is meant to help the Department of Defense's acquisitions staff and industry partners avoid buying problematic code for the Pentagon and suppliers.

"What we are doing is making sure that we do not buy software that has Russian or Chinese provenance, for instance, and quite often that's difficult to tell at first glance because of holding companies," she told reporters gathered in a conference room near her Pentagon office.

The Pentagon has worked closely with the intelligence community, she said, adding "we have identified certain companies that do not operate in a way consistent with what we have for defense standards."

Lord did not provide any further details on the list.

Lord's comments were made ahead of the likely passage of the Pentagon's spending bill by Congress as early as next week. The bill contains provisions that would force technology companies to disclose if they allowed countries like China and Russia to examine the inner workings of software sold to the U.S. military.

The legislation was drafted after a Reuters investigation found that software makers allowed a Russian defense agency to hunt for vulnerabilities in software used by some agencies of the U.S. government, including the Pentagon and intelligence agencies.

Lord added an upcoming report on the U.S. military supply chain will show that the Pentagon depends on foreign suppliers, including Chinese firms, for components in some military equipment.

She said the Pentagon also wants to strengthen its suppliers' ability to withstand cyber attacks and will test their cyber security defenses by attempting to hack them.

The Pentagon disclosed the measures as the federal government looks to bolster cyber defenses following attacks on the United States that the government has blamed on Russia, North Korea, Iran and China.

The Department of Homeland Security this week disclosed details about a string of cyber attacks that officials said put hackers working on behalf of the Russian government in a position where they could manipulate some industrial systems used to control infrastructure, including at least one power generator.

'A game-changer for the military': Beverly company develops color night vision

BEVERLY, Mass. - Since its inception during World War II, night vision technology has become virtually synonymous with monochromatic green images.

People all over the world have tried to add color to night vision for years, but they've all failed until now. The company to make it happen is right here in Massachusetts.

Paul Stump is the CEO of Beverly-based Chromatra. For the past four years, the company has been working to perfect a device known as ColorTac, which shows color by essentially amplifying whatever light is available.

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"Night vision was developed for the military. Unfortunately, our adversaries now have night vision. Color for night vision will be a game changer for the military," Stump told Boston 25 News.

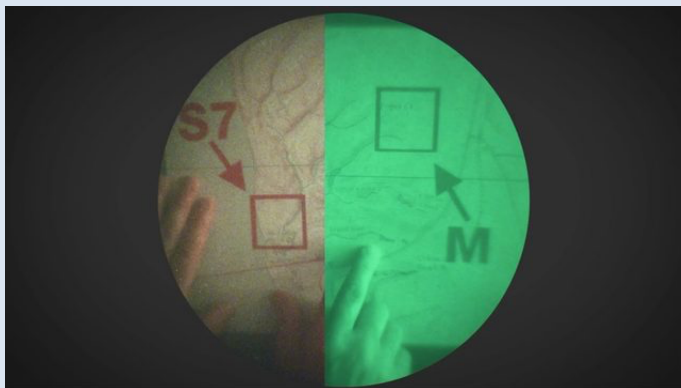
The result is an image similar to what we'd see with the naked eye in daylight.

ColorTac is now being tested out by local, state and federal law enforcement agencies -- including Massachusetts State Police, the FBI and police departments in cities across the country.

Aaron Washington was the commander of the Mass. State Police SWAT team for 10 years and says ColorTac technology is a groundbreaking development for law enforcement and the military.

"This tech is awesome it is truly a game changer. When the folks are out there on the front lines it will truly save lives" Washington said. "Now, you don't have to go to white light and you can see color. Much different than seeing that green hue."

Here's an example.



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Through the standard goggles you'll see nothing more than just a dirty shirt, but with the color night vision technology, you might see it's actually covered in blood.

"Medics on the battlefield or tactical situation that can't use white light, they have to feel or use different techniques to find the blood ... where that patient is bleeding. With the ColorTac, it's one quick observation," Washington explained.

He said the ColorTac goggles actually proved to be hugely helpful during the AFC Championship game at Gillette Stadium this year when an aircraft entered the no-fly zone and state police couldn't reach it over the radio.

Authorities were unable to identify it and were about to call in the military until they used the color tac goggles and saw it was a news helicopter and not an imminent threat.

"It was important we made contact with that chopper and determined its intentions," said Washington.

As for what's next with this technology, Stump says the calls keep coming from around the world.

Juniper Networks embraces 400 Gigabit Ethernet

Juniper Networks has announced plans to roll out 400 Gigabit Ethernet (400GbE) capabilities across its PTX, QFX, and MX series lines. The upcoming products will leverage the recently unveiled Jupiter Penta Silicon or new generations of ExpressPlus and Q5 silicon.

The company sees an impending requirement for 400GbE connectivity in backbone, peering, data center interconnect, scale-out metro core, telco-cloud services, and hyperscale data center IP fabric applications. Such connections will require low latency and strong security as well as high bandwidth, the company added.

Juniper Networks first discussed the 400GbE-capable Penta Silicon when it debuted the MX Series 5G Universal Routing Platform this past June (see "Juniper Networks unveils MX Series 5G Universal Routing Platform"). The silicon enables the MX Series 5G to accommodate 400GbE requirements as well as native MACsec and IPsec encryption. For the PTX and QFX families, Juniper Network will offer new platforms for 400GbE requirements:

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The 3-RU PTX10003 Packet Transport Router will target 100GbE and 400GbE requirements in backbone, peering, and data center interconnect applications. Juniper Networks touts the PTX10003 as the first packet transport router to accommodate universal multi-rate QSFP-DD interfaces for seamless 100GbE to 400GbE upgrades. The system also will support native MACsec security in 160x100GbE and FlexE friendly 32x400GbE interface configurations. The PTX10003 will leverage the next generation of ExpressPlus silicon and is expected to be available during the second half of 2018.

The QFX data center switch family will see two additions. The new QFX10003 switches offer 32x400GbE in a 3-RU form factor, with support of 160x100GbE. The QFX10003, based on the next generation of Q5 silicon, will offer a deep buffer enabled by Hybrid Memory Cube memory. This capability will enable the switch to absorb network traffic spikes and reduce application latency across MACsec encrypted 25GbE, 50GbE, and 100GbE connections, says the company. The QFX10003 should be available during the second half of 2018 as well. Meanwhile, new QFX5220 switches, based on merchant silicon, will support 32x400GbE in 1 RU. The platforms will accommodate 50GbE, 100GbE, and 400GbE interfaces for server and inter-fabric connectivity. The QFX5220 is expected to be available in the first half of 2019.

The move appears well timed. "Internet traffic is growing exponentially and we need a way to keep cost-per-bit down while still keeping up with the exploding traffic growth. Juniper's announcement adding 400GbE capability is a huge step in the right direction for solving these challenges we face," said Junichi Shimagami, director and CTO at Internet Initiative Japan Inc., via a Juniper Networks press release.

"Operators, cloud service providers and enterprises are under constant pressure to efficiently address unrelenting traffic growth, and they are looking at 400G as a key enabler to do so," added Matthias Machowinski, senior research director at IHS Markit. "2018 marks the start of the commercial 400G market, with volumes ramping up in 2019 as 400G trials across WDM, service provider routing, and data center switching applications convert into production deployments. We expect \$10 billion will be spent on 400G technologies over the next five years."

Unfortunate News, More on downloadable guns

AUG 2, 2018 — Defense Distributed had a downloadable AR15 public for 6 days with over 10,000 downloads.

Important Sect 301 China Tariff Update

In the most recent and concerning developments in the "China Tariff War", yesterday President Trump instructed the US Trade Representative's office to consider a proposal to raise the proposed duty on products included on Section 301 List 3 from 10% to 25%.

As many know, "List 3" includes over 6,000 HTS line items including items from virtually every HTS chapter.

Many companies with products falling on List 3 were concerned with an increase of 10%. However, an increase of 25% could have serious consequences for these companies.

There is no definitive decision on whether this will move forward. However, the public comment period for the 301 List 3 has now been extended from August 30 to September 5. In addition, the deadline to request to appear at the public hearing has been extended to August 13.

The requirements for filing public comments were published in the Federal Register on July 17. -DONE
The USTR notice will be published in the Federal Register, likely in the next few days.

USTR Representative Lighthizer's statement is below:

"On June 18, the President directed me to identify \$200 billion worth of Chinese goods for additional tariffs at a rate of 10 percent, in response to China's decision to cause further harm to U.S. workers, farmers, and businesses by imposing retaliatory duties on U.S. goods. I initiated this process on July 10.

"This week, the President has directed that I consider increasing the proposed level of the additional duty from 10 percent to 25 percent. The 25 percent duty would be applied to the proposed list of products previously announced on July 10.

"The Trump Administration continues to urge China to stop its unfair practices, open its market, and engage in true market competition. We have been very clear about the specific changes China should undertake. Regrettably, instead of changing its harmful behavior, China has illegally retaliated against U.S. workers, farmers, ranchers and businesses.

"The increase in the possible rate of the additional duty is intended to provide the Administration with additional options to encourage China to change its harmful policies and behavior and adopt policies that will lead to fairer markets and prosperity for all of our citizens.

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“The United States has joined forces with like-minded partners around the world to address unfair trade practices such as forced technology transfer and intellectual property theft, and we remain ready to engage with China in negotiations that could resolve these and other problems detailed in our Section 301 report.”

Interested parties may address this possible increase in the level of the additional duty in their comments on the proposed action. The proposed list and process for the public notice and comment period is set out in the Federal Register notice issued on July 10 and published in the Federal Register on July 17. To view the July 17 notice, including the list of proposed products to be subject to additional duties, [click here: https://ustr.gov/sites/default/files/301/2018-0026%20China%20FRN%207-10-2018_0.pdf](https://ustr.gov/sites/default/files/301/2018-0026%20China%20FRN%207-10-2018_0.pdf)

In light of the possible increase of the additional duty rate to 25 percent, the close of the written comment period is extended from August 30 to September 5, and the due date for requests to appear at the public hearing is extended to August 13. These modifications to the comment period will be set out in a notice to be published shortly in the Federal Register.

China Threatens New Tariffs on \$60 Billion of U.S. Goods

By Keith Bradsher and Cao Li - Aug. 3, 2018

BEIJING — China threatened on Friday to tax an additional \$60 billion a year worth of imports from the United States if the Trump administration imposes its own new levies on Chinese goods.

The threat comes just two days after President Trump ordered his administration to consider increasing the rate of tariffs it has already proposed on \$200 billion a year of Chinese goods — everything from chemicals to handbags — to 25 percent from 10 percent.

The United States and China, the world’s two biggest economies, have for months been engaged in an escalating trade dispute. While they have targeted each others’ products, the interconnected nature of the global economy has meant that other regions, like Europe, have also been caught up in the back-and-forth.

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Beijing and Washington imposed matching tariffs last month on \$34 billion apiece of each others’ products, and have plans to add another \$16 billion worth of goods to their lists. Previous rounds of tariffs cover a lengthy list of products from steel and aluminum to washing machines and even dried fruit. The latest Chinese tariffs would, if implemented, be up to 25 percent, and cover 5,207 tariff categories, the country’s commerce ministry said in a statement on its website.

“Because the U.S. side has repeatedly escalated the tension, disregarding the interests of enterprises and consumers of both sides, China has to take necessary countermeasures to defend the country’s dignity and the interests of the Chinese people, defend free trade and the multilateral system, and defend the common interests of all countries in the world,” the ministry said.

China’s decision to threaten \$60 billion of American goods is the first time this year that Beijing has not tried to match Washington’s tariffs dollar for dollar. China instead is threatening roughly two-fifths of its purchases from the United States after President Trump threatened two-fifths of China’s much larger exports to the United States, said Tu Xinquan, the executive dean of the China Institute for World Trade Organization Studies at the University of International Business and Economics in Beijing.

“It’s more proportionate,” Mr. Tu said.

China wants to find a negotiated solution to the two sides’ trade policy differences, but also could not simply ignore President Trump’s threat earlier this week, Mr. Tu added.

Mr. Trump ordered the Office of the United States Trade Representative on Wednesday to consider the possibility of 25 percent tariffs on \$200 billion a year worth of Chinese goods. The 25 percent tariffs could be imposed in place of 10 percent tariffs that are already under discussion. Those tariffs have not taken effect, and a final decision on their size and scope is not expected until next month.

Beijing did not really have the option of responding dollar for dollar because China simply does not buy that much from the United States. China sells goods each year to the United States worth nearly four times as much as it buys.

But Chinese officials have suggested in recent weeks that if the United States proceeds with tariffs on a very wide range of Chinese goods, then Beijing may also retaliate against the Chinese-owned operations of big American companies. From Apple to General Motors, a long list of large American enterprises have transferred extensive operations to China and could be vulnerable to any response from Beijing.

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Training

The iPhones, Chevrolets and other products manufactured and sold in China by American companies are mostly designed in the United States, and the Trump administration has declared various Chinese industries to be threatening American national security, illegally copying foreign intellectual property or causing widespread job losses in the United States. China has denied violating international trade norms.

China's latest threat on trade came at the end of a day during which Beijing also allowed its currency, the renminbi, to slide further against the dollar in foreign exchange markets. The currency is allowed to trade in a daily range set by the central bank.

China's central bank has now let the currency slip almost 9 percent since mid-April, when it took less than 6.3 renminbi to buy a dollar. A weaker renminbi makes Chinese exports more competitive in foreign markets, while making imported goods more expensive within China. Government advisers and analysts have said that the government is not deliberately driving the currency down against the dollar to derive a trade advantage, but is being led instead by traders in currency markets, who are increasingly worried about China's slowing economy and huge debt burden.

By adding the option of 25 percent tariffs, however, the Trump administration would have an extra weapon in case the renminbi falls further and gives Chinese exporters an added advantage.

The Chinese commerce ministry's statement appeared to anticipate possible tariff levels that the Trump administration might impose, with the ministry saying that it was mulling tariffs at four possible levels on the \$60 billion in goods, ranging from 5 percent to 25 percent.

China sold \$505.6 billion worth of goods to the United States last year and purchased \$130.4 billion. The United States did run a \$38.5 billion trade surplus last year with China in services, like banking and insurance. But part of this sum may have represented efforts by worried Chinese families and households to move money out of the country, as opposed to actual purchases of services provided by American companies and individuals.

The Times needs your voice. We welcome your on-topic commentary, criticism and expertise.
Keith Bradsher reported from Beijing and Cao Li from Hong Kong.

The Bureau of Industry and Security is planning to offer the following export control seminars in October and November.

■ **How to Develop an Export Compliance Program – 1 Day**
October 25, 2018

New Orleans, LA

Bourbon Orleans Hotel, 717 Orleans Street, New Orleans, LA,
Tel: (504) 523-2222

How to Develop an Export Compliance Program is a one-day workshop that provides an overview of the steps a company may take to implement an internal Export Compliance Program. Developing and maintaining an export compliance program is highly recommended to ensure that export transactions comply with the EAR, and to prevent export control violations. Agenda topics include guidance on how to establish an Export Compliance Program, strategies to enhance your company's compliance program, how to avoid common compliance errors, and how to build a solid framework for your company's compliance program. This program includes small group discussion, hands-on exercises, compliance peer networking, and provides a written example of an export compliance program as well as the Office of Exporter Services January, 2017 revised Export Compliance Guidelines to assist in developing your compliance program. Recommended prerequisite: Essentials of U.S. Export Controls or Complying with U.S. Export Controls or equivalent experience.

■ **Complying with U.S. Export Controls – 2 Days – offered in**
New Orleans and Newark:
October 23-24, 2018

New Orleans, LA

Bourbon Orleans Hotel, 717 Orleans Street, New Orleans, LA,
Tel: (504) 523-2222

November 14-15, 2018
Newark, NJ

This two-day program is led by BIS's professional counseling staff and provides an in-depth examination of the EAR. The program will cover the information exporters need to know to comply with U.S. export control requirements on commercial goods. We will focus on what items and activities are subject to the EAR, steps to take to determine the export licensing requirements for your item, how to determine your export control classification number (ECCN), when you can export or reexport without applying for a license, export clearance procedures and record keeping requirements, and real life examples in applying this information. Presenters will conduct a number of "hands-on" exercises that will prepare you to apply the regulations to your own company's export activities.

For general information about the BIS Seminar Program contact the Outreach and Educational Services Division at OESDSeminar@bis.doc.gov or (202) 482-6031.

Treasury Targets Russian Bank and Other Facilitators of North Korean United Nations Security Council Violations

WASHINGTON – The U.S. Department of the Treasury’s Office of Foreign Assets Control (OFAC) today announced additional sanctions related to North Korea, continuing the enforcement of existing UN and U.S. sanctions. Today’s action targets a Russian bank for knowingly facilitating a significant transaction on behalf of an individual designated for weapons of mass destruction-related activities in connection with North Korea. OFAC also targeted one individual and two entities for facilitating North Korean illicit financial activity. This action reinforces the United States’ ongoing commitments to upholding the decisions of the UN Security Council (UNSC).

“The United States will continue to enforce UN and U.S. sanctions and shut down illicit revenue streams to North Korea. Our sanctions will remain in place until we have achieved the final, fully-verified denuclearization of North Korea,” said Treasury Secretary Steven Mnuchin.

As a result of today’s action, any property or interests in property of the designated persons in the possession or control of U.S. persons or within (or transiting) the United States is blocked, and U.S. persons generally are prohibited from dealing with any of the designated persons.

FINANCIAL AND FOREIGN TRADE BANK-AFFILIATED TARGETS

OFAC, pursuant to Section 4 of Executive Order (E.O.) 13810, today sanctioned Russian-registered Agrosoyuz Commercial Bank (Agrosoyuz) for knowingly conducting or facilitating a significant transaction on behalf of Han Jang Su, the Moscow-based chief representative of Foreign Trade Bank (FTB), North Korea’s primary foreign exchange bank. Pursuant to E.O. 13687, OFAC today designated Ri Jong Won, the Moscow-based deputy representative of FTB. Both Han Jang Su and FTB were already designated by the United States under E.O. 13382 and by the UNSC Committee established pursuant to Resolution 1718 (2006). OFAC designated Han Jang Su on March 31, 2017, for acting for or on behalf of FTB, an entity designated pursuant to E.O.s 13382 and 13722. On August 5, 2017, Han Jang Su was designated at the UN.

*(*Continued On The Following Column)*

“Don’t expect to see a change if you don’t make one.”

According to UNSC Resolution 2321 (2016), if a Member State determines that an individual is working on behalf of or at the direction of a DPRK bank or financial institution, Member States shall expel the individual from their territories. Therefore, Han Jang Su and Ri Jong Won should be expelled from Russia. Nevertheless, continuing into 2018, Russian bank Agrosoyuz continued to provide services to Han Jang Su, in violation of Russia’s UN obligations. Agrosoyuz also knowingly opened multiple bank accounts for at least three FTB front companies. Ri Jong Won also held Russian bank accounts in his name at least as of late 2016. In addition to Agrosoyuz and Ri Jong Won, OFAC designated two associated FTB front companies — Dandong Zhongsheng Industry & Trade Co., Ltd. (Zhongsheng), pursuant to E.O. 13382, and Korea Ungum Corporation (Ungum), pursuant to E.O. 13722.

Agrosoyuz and North Korea have a long relationship: from 2009 to 2013, Agrosoyuz processed millions of dollars in transactions through accounts owned by North Korean commercial banks. In mid-2013, Agrosoyuz transferred more than \$5.5 million on behalf of the now UN- and U.S.-designated Korea United Development Bank (KUDB). In 2014, Agrosoyuz and other Russian banks arranged to move KUDB funds. As of mid-2016, Agrosoyuz had opened new accounts for a North Korean front company, and it processed over \$8 million and held the equivalent of over \$3 million on behalf of KUDB. In 2017, Han Jang Su opened bank accounts for Zhongsheng at Agrosoyuz. In addition, as of early 2018, Agrosoyuz allowed a North Korean front company to invest almost \$2.5 million in Russian rubles into an account with Agrosoyuz.

Today’s action, taken pursuant to Section 4 of E.O. 13810 of September 20, 2017, blocks all property and interests in property of Agrosoyuz that are in the United States, that hereafter come within the United States, or that are or hereafter come within the possession or control of any U.S. person, and provides that such property and interests in property may not be transferred, paid, exported, withdrawn, or otherwise dealt in.

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