

## EIB World Trade Headlines

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#### What Will Lai's Win Mean for Taiwan?

Insights, analysis and must reads from CNN's Fareed Zakaria and the Global Public Square team, compiled by Global Briefing editor Chris Good

In a highly anticipated election on Saturday, Taiwan kept its ruling party in power, voting to elevate DPP candidate and current vice president Lai Ching-te to president. Seen as the most staunchly pro-independence candidate on the ballot, Lai is "openly loathed by Beijing," CNN's Nectar Gan and Wayne Chang write.

Beijing considers Taiwan to be a runaway province, not a country of its own, and tensions with the mainland loom large over Taiwanese politics. In a Nikkei Asia feature, Katsuji Nakazawa wrote before the vote that Chinese leader Xi Jinping's recent military purges were likely intended to ensure China's forces are in shape to seize Taiwan, if ordered. Re-unifying mainland China with Taiwan is a top goal of Xi's, and he'll want to appear to be making progress before seeking another term at the top, at a Communist Party congress in 2027, Nakazawa wrote. At The Atlantic, Michael Schuman heard from expert China watcher Bonnie Glaser that Xi is unlikely to continue abiding a democratic Taiwan. Beijing had sought to pressure Taiwanese voters to avoid choosing Lai, including by enacting new trade restrictions, The Economist wrote. In the mainland's South China Morning Post, six coauthors write: "The victory of a candidate whom mainland China has repeatedly branded a 'troublemaker' over his stance on independence is expected to further fuel cross-strait tensions."

And yet, as the Global Briefing has noted, mainland relations weren't the only matter on voters' minds. For young Taiwanese voters, the election has been "about more material issues such as wages, inflation, energy security, equality and social justice," Thompson Chau, Cheng Ting-Fang, and Lauli Li wrote in Nikkei Asia before the vote. Although the DPP draws special ire from Beijing, Taiwan's parties and their candidates have seemed broadly aligned on avoiding war and maintaining, more or less, the status quo. Further mitigating the possibility of a drastic swing in policy toward the mainland, the DPP did not secure a legislative majority.

That's not to say Lai's win won't exacerbate cross-strait tensions or steer how Taiwan approaches them. CNN's Gan and Chang sum it up: "All three candidates sold themselves as the best choice for avoiding that doomsday scenario (of war with mainland China), pledging to maintain peace and the status quo—which polls have consistently shown is what most people in Taiwan want. But the three men also held very different visions for how to achieve that goal. They all cited the need to boost Taiwan's defense capabilities to deter China's aggression but disagreed on their policy priorities, particularly how to deal with Beijing. The DPP's Lai stressed bolstering Taiwan's ties with like-minded democratic partners, such as the United States and Japan, while maintaining his administration's stance that Tawain is already a de facto sovereign nation—a view Beijing deems unacceptable."

#### **NEWSLETTER NOTES**

- What Will Lai's...
- Welcoming the First Subsea...
- For Immediate Release...
- An Assassination...
- Al Warning...

### Welcoming the First Subsea Cable Between South America and the Indo-Pacific Region

01/11/2024 01:47 PM EST

Office of the Spokesperson

The United States welcomes today's announcement by the Government of Chile and Google, launching the Humboldt subsea cable route connecting Chile to Australia via French Polynesia. This is the first-ever subsea cable connection between South America and the Indo-Pacific region. When complete (estimated 2026), this transformational project will increase the reach, reliability, and resilience of the Internet by adding a trusted and secure route across the Pacific.

The Humboldt subsea cable route is an example of a commercially viable, multi-stakeholder approach to trusted information and communications technology development that will create new economic opportunities in Chile and beyond. These undersea cables, paired with secure 5G wireless terrestrial networks, will accelerate South America and the Pacific Island nations' digital connectivity and integration with the global economy.

This announcement follows the inaugural Leaders' Summit of the Americas Partnership for Economic Prosperity, where President Biden hosted regional leaders, including Chile's President Boric, to chart an ambitious course for deepening economic integration and mobilizing responsible private investment in the Western Hemisphere. The Humboldt cable represents a concrete example of the potential for greater economic cooperation in the Americas. To help broaden access to modern, trusted and secure communications infrastructure throughout the Pacific, the United States remains committed to expanding access to fast, secure, interoperable, and reliable internet connectivity in the Pacific Ocean. The Bureau of Cyberspace and Digital Policy (CDP) plans to contribute \$15 million to enable access to fast, secure, interoperable, and reliable internet connectivity in several Pacific Island Countries. This is one way that the United States government is engaging with U.S. companies to enable the expansion of sustainable and reliable Internet infrastructure.

For more information, please contact CDP-Press@state.gov.

# For Immediate Release FACT SHEET January 11, 2024

The United States Takes Action in Response to DPRK-Russia Ballistic Missile Transfers and Testing

The United States will continue to disrupt and expose arms transfers between the Democratic People's Republic of Korea (DPRK) and Russia. As part of that continued effort, the Department of State is today imposing sanctions on one individual and three entities complicit in the transfer to Russia and testing of DPRK-origin ballistic missiles by Russia since late November 2023. The Department is also identifying four aircraft owned by the U.S.-designated Command of the Military Transport Aviation (VTA) as blocked property. All targets are being designated pursuant to Executive Order (E.O.) 14024, which authorizes sanctions with respect to specified harmful foreign activities of the Government of the Russian Federation.

Pursuant to section 1(a)(vii) the following entity is being designated for being owned or controlled by, or having acted or purported to act for or on behalf of, directly or indirectly, the Government of the Russian Federation:

Joint Stock Company the 224th Flight Unit State Airlines (224th Flight Unit State Airlines) is a state-owned enterprise that was spun off from Russia's Air Force to provide commercial air cargo transport services. Additionally, we assess that two previously identified aircraft associated with Joint Stock Company the 224th Flight Unit State Airlines with tail numbers RA-78817 and RA-82030 were involved in the transfers of DPRK ballistic missiles and missile-related cargo transfers in late November 2023. The Department previously designated 224th Flight Unit State Airlines on May 19, 2023, pursuant to section 1(a)(iv)(B) for having materially assisted, sponsored, or provided financial, material, or technological support for, or goods and services to or in support of, Private Military Company (PMC) Wagner, an entity whose property and interests in property are blocked. At that time, we also identified several aircraft as blocked property of 224th Flight Unit State Airlines.

Pursuant to section 1(a)(iii)(C) the following individual is being designated for being or having been a leader, official, senior executive officer, or member of the board of directors of 224th Flight Unit State Airlines, an entity whose property and interests in property are blocked pursuant to E.O. 14024:

 Vladimir Vladimirovich Mikheychik is the General Director of 224th Flight Unit State Airlines.

Pursuant to section 1(a)(i) the following entities are being designated for operating or having operated in the defense and related materiel sector of the Russian Federation economy:

- Vladimirovka Advanced Weapons and Research Complex (VAWARC) is a Russian military facility involved in the testing of missiles. Additionally, the weapons-testing complex in western Russia includes facilities, airfields, and missile ranges that were involved in the transfer to Russia and testing of DPRK ballistic missiles by Russia in late 2023.
- Ashuluk Firing Range is a Russian missile testing range.
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The Department is also identifying four aircraft as blocked property of VTA. We assess that these four aircraft with tail numbers RF-86898, RF-78757, RF-82011, and RF-82041 were involved in the transfers of DPRK ballistic missiles and missile-related cargo in November and December 2023. The Department previously designated VTA on December 9, 2022, pursuant to section 1(a)(i) of E.O. 14024 for operating or having operated in the defense and related material sector of the Russian Federation economy and on October 18, 2023, pursuant to E.O. 13949 for engaging in activities that materially contribute to the supply, sale, or transfer, directly or indirectly, to or from Iran, or for the use in or benefit of Iran, of arms or related materiel.

Identifying information of property in which VTA has an interest and that will be blocked as a result of this action:

- RF-86898; Aircraft Manufacture Date 28 Jan 1982; Aircraft Mode S Transponder Code 155372; Aircraft Model IL-76; Aircraft Manufacturer's Serial Number (MSN) 23435028; Aircraft Tail Number RF-86898 (aircraft)
- RF-78757; Aircraft Manufacture Date 27 Apr 1988; Aircraft Mode S Transponder Code 1533A5; Aircraft Model IL-76MD; Aircraft Manufacturer's Serial Number (MSN) 83484547; Aircraft Tail Number RF-78757 (aircraft)
- RF-82011; Aircraft Manufacture Date 31 Dec 1986; Aircraft Mode S Transponder Code 15405B; Aircraft Model AN-124; Aircraft Manufacturer's Serial Number (MSN) 9773054616023; Aircraft Tail Number RF-82011 (aircraft)
- RF-82041; Aircraft Manufacture Date 08 Feb 1991; Aircraft Mode S Transponder Code 154079; Aircraft Model AN-124; Aircraft Manufacturer's Serial Number (MSN) 9773054055089; Aircraft Tail Number RF-82041 (aircraft)

#### **Sanctions Implications**

As a result of today's action, and in accordance with E.O. 14024, all property and interests in property of the designated individual and entities described above that are in the United States or in possession or control of U.S. persons (including individuals or entities) are blocked and must be reported to the Department of Treasury's Office of Foreign Assets Control (OFAC). Additionally, all individuals or entities that have ownership, either directly or indirectly, 50 percent or more by one or more blocked persons are also blocked. All transactions by U.S. persons or within (or transiting) the United States that involve any property or interests in property of designated or otherwise blocked persons are prohibited unless authorized by a general or specific license issued by OFAC or exempt. These prohibitions include the making of any contribution or provision of funds, goods, or services by, to, or for the benefit of any blocked person and the receipt of any contribution or provision of funds, goods, or services from any such person.

The power and integrity of U.S. government sanctions derive not only from the U.S. government's ability to designate and add persons to the Specially Designated National (SDN) List, but also from its willingness to remove persons from the SDN List consistent with the law. The ultimate goal of sanctions is not to punish, but to bring about a positive change in behavior. Petitions for removal from the SDN List may be sent to <a href="mailto:OFAC.Reconsideration@treasury.gov">OFAC.Reconsideration@treasury.gov</a>. Petitioners may also refer to OFAC's Frequently Asked Question 897 <a href="mailto:here">here</a>.

#### An Assassination and the Risk of Wider War

Insights, analysis and must reads from CNN's Fareed Zakaria and the Global Public Square team, compiled by Global Briefing editor Chris Good

January 11, 2024

Recent weeks have brought troubling developments, as the Global Briefing has noted. In late December, an Israeli airstrike killed a high-ranking Iranian general in Damascus. An ISIS-claimed bombing in Iran will likely set the Middle East's wildcard military power on edge. A US-led coalition is <u>facing off with Yemen's Iran-backed Houthi militants</u> in the Red Sea, where global shipping has been disrupted. Iran has deployed a warship. This week, Israel killed a top Hezbollah commander in southern Lebanon.

Of particular note, some say, was the suspected Israeli <u>assassination of</u> <u>a senior Hamas leader</u> in Beirut last Tuesday. (Israel has neither confirmed nor denied responsibility.) <u>At The National Interest, Burcu Ozcelik wrote</u> that Hezbollah, the Iran-backed terrorist group and dominant Lebanese political party, will face pressure to respond to the strike on its turf.

Even more significantly, the assassination could portend more of the same in other countries, as Ozcelik writes and as <u>Hussein Ibish explains</u> further at The Atlantic.

Since Oct. 7, Israel has signaled as much. "This is our Munich," Israel's Shin Bet security agency chief Ronen Bar was recorded saying, The Times of Israel reported in early December—a reference to the global, years-long Israeli operation to find and kill those responsible for the 1972 Munich Olympics massacre of Israeli team members. (That operation was the subject of Steven Spielberg's 2005 film "Munich.") In response to Hamas's massacre of Israeli civilians on Oct. 7, 2023, Israel will hunt down Hamas members "in every location, in Gaza, in the West Bank, in Lebanon, in Turkey, in Qatar, everyone," Bar reportedly said, acknowledging that "it will take a few years." In November, Israeli Defense Minister Yoav Gallant pledged that all Hamas members, including those outside Gaza, are "dead men walking," adding that there is "no difference between a terrorist with a Kalashnikov and a terrorist in a three-piece suit."

The assassination in Beirut may have marked "just the beginning of an international campaign" by Israel to kill Hamas members abroad, as Ibish puts it. If that's the case, eyes will turn to Qatar, which is home to Hamas political leaders-in-exile, Ibish writes, surmising that last week's killing in Beirut "suggests that the Israel-Hamas war could still easily spill over into a regional conflict or launch a string of assassinations that drag in third-party states."

#### **AI WARNING**

https://www.linkedin.com/in/bstephaniesiegmann?miniProfileUrn= urn%3Ali%3Afsd\_profile%3AACoAACCGILcBgmIsO-6WnxEik39fhYkOWrz3Tsw

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The rapid expansion of AI systems brings with it the possibility of widespread dangers from the proliferation of false information and manipulation to mass surveillance and repression of vulnerable groups as well as significant liability risks.

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Just last week, the National Institute of Standards and Technology issued a stark warning to industry of security and privacy risks that arise from the rapid deployment of AI systems. In short, AI systems are vulnerable to attacks and the data upon which they rely may not be trustworthy. Both in the EU and the U.S., 2024 will bring accelerated scrutiny of AI, and likely more investigations and enforcement actions. Please check out our article on this subject.

#### Here are a few highlights:

On 12/9/23, representatives from the Council of the European Union, the European Parliament, and the European Commission agreed in principle on the world's first comprehensive legal regulations for artificial intelligence – the European Union Artificial Intelligence Act (the EU AI Act).

On 10/30/23, President Biden issued the first-ever AI Executive Order on the Safe, Secure, and Trustworthy Development and Use of Artificial Intelligence. It is unclear whether Congress will pass any new federal laws in 2024 that specifically address AI issues, as the U.S. still lacks federal data privacy legislation. States will likely fill this void if Congress fails to take action.

Regardless of whether any new AI laws are passed in the U.S., companies should be careful of how they use AI systems, as federal agencies, including the Department of Justice and the Federal Trade Commission have signaled that they intend to police AI systems and ensure responsible innovation.

In July 2023, the FTC opened an investigation into whether OpenAI, the company that developed the ChatGPT platform, mishandled personal data or violated other consumer protection laws.

On December 19, 2023, the FTC settled an enforcement action against Rite Aid for their "reckless use of facial recognition systems." In announcing this settlement, the FTC made clear that it intends to vigilantly protect "the public from unfair biometric surveillance and unfair data security practices."

With the upcoming 2024 presidential election, increases in privacy violations and cybercrime, and the potential for unfair and deceptive practices, including intellectual property violations, U.S. federal enforcement agencies will be closely monitoring AI developments in what has become a very rapidly evolving landscape and bring enforcement actions to deter irresponsible AI deployment that threatens the public. The only question is what mechanism this enforcement will take. Will the enforcement be the result of new federal or state laws or policed by federal agencies like the DOJ and FTC using current laws and regulations?

#### **MISSION STATEMENT:**

Given the geopolitical state of affairs with China, Russia, and Crimea, the Occupied territories of UKRAINE, Donetsk and Luhansk Oblast, embargoed countries and other specific threatening end users and entities, located in the United States and around the globe;

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