



EIB World Trade Headlines

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EIB ANNOUNCES STRATEGIC ALLIANCE WITH AEC FOR IMMEDIATE RELEASE

October 1, 2024

Evolutions in Business (EIB) and Arrow Export Consultants (AEC) announce new strategic alliance. AEC, headquartered in Ft Worth, Texas, will round out representation in Export Compliance for EIB in the Southwest.

The synergistic relationship between AEC and EIB will continue to provide a robust export compliance experience, providing support for defense companies as well as those engaged in commercial high technology products such as aerospace, semi-conductors, robotics, quantum hardware, firmware, software, UAV's and advanced materials.

Both AEC and EIB will continue to provide support and education on Export Administration Regulations (EAR) International Traffic in Arms Regulations, (ITAR) and Federal Trade Regulations, (FTR) as well as Category and ECCN classifications, Free Trade Agreements (FTA's), fully implemented ECP's, AES filings, and Basic Import Compliance.

Our expertise improves company compliance by:

Training relevant employees in Export Regulations and Best Practices

- Building Export Compliance Programs
- Classifying products, ITAR Categories and EAR ECCN's
- Support for new and ongoing Regulatory Compliance demands

AEC is expected to focus its efforts in building communities of Compliance to EAR, FTR and ITAR in the Southwest and beyond.

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COMMISSION ON NATIONAL DEFENSE STRATEGY

Summary

The threats the United States faces are the most serious and most challenging the nation has encountered since 1945 and include the potential for near-term major war. The United States last fought a global conflict during World War II, which ended nearly 80 years ago. The nation was last prepared for such a fight during the Cold War, which ended 35 years ago. It is not pre-pared today.

China and Russia are major powers that seek to undermine U.S. influence. The 2022 National Defense Strategy (NDS) recognizes these nations as the top threats to the United States and declares China to be the “pacing challenge,” based on the strength of its military and economy and its intent to exert dominance regionally and globally.¹

The Commission finds that, in many ways, China is outpacing the United States and has largely negated the U.S. military advantage in the Western Pacific through two decades of focused military investment. Without significant change by the United States, the balance of power will continue to shift in China’s favor. China’s overall annual spending on defense is estimated at as much as \$711 billion, 2 and the Chinese government in March 2024 announced an increase in annual defense spending of 7.2 percent. 3

Russia will devote 29 percent of its federal budget this year on national defense as it continues to reconstitute its military and economy after its failed initial invasion of Ukraine in 2022. 4 Russia possesses considerable strategic, space, and cyber capabilities and under Vladimir Putin seeks a return to its global leadership role of the Cold War.

READ MORE:

https://www.armed-services.senate.gov/imo/media/doc/nds_commission_final_report.pdf?campaign_id=9&emc=edit_nn_20240923&instance_id=135026&nl=the-morning®i_id=137604207&segment_id=178568&te=1&user_id=eca01134a2ff3d313da34bb7c7f22908

[Hezbollah leader says device attacks are an ‘act of war’ against Lebanon, as Israeli warplanes fly over Beirut](#)

In his first remarks since thousands of electronic devices exploded across the country, Hasan Nasrallah said that Hezbollah suffered “a major blow,” but that his forces would not stop attacking Israel as long as the war in Gaza continued.

[Navy shipyard in Kittery adds record-high boost to region's economy](#)

[By William Hall](#)

Portsmouth Naval Shipyard, the Kittery facility that repairs and services the U.S. submarine fleet, injected a record-high \$1.54 billion into the region's economy last year.

That finding comes from an annual report whose latest edition was released Wednesday by the Seacoast Shipyard Association, a local booster group. The report uses Defense Department data on civilian payroll, military payroll, and the costs of purchases and contracted services to estimate the yard's economic impact each year.

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The 2023 total is up nearly 5.5% from the 2022 figure of \$1.46 billion, which at the time was the greatest annual economic impact PNSY had ever recorded. The 2022 amount represented a 10.2% increase above the previous year's impact of roughly \$1.32 billion.

The shipyard, a sprawling, 300-acre complex on Seavey Island in the Piscataqua River, employed 7,469 civilians in 2023. That's about 100 more workers than in 2022. The 2023 civilian payroll totaled \$716.2 million, an increase of 8% from the 2022 total of \$663.5 million. More than half of last year's civilian workers, 4,194, lived in Maine and accounted for a payroll of \$402.1 million. Another 2,905 workers were from New Hampshire and 176 came from Massachusetts. Nearly 200 workers came from outside the three states. The military payroll at PNSY last year was \$34.2 million, the lowest level in seven years.

Portsmouth Naval Shipyard has steadily increased civilian employment during that time, adding more than 1,000 workers since 2017. But like most employers in the region, the yard has also struggled to fill jobs. The civilian workforce peaked in 2020 at 7,639. As in 2022, the Maine community with the greatest number of civilian employees last year was Sanford. During 2023, 520 city residents earned paychecks at the yard, adding up to a payroll of \$45.9 million. In New Hampshire, Rochester was home to about the same number of PNSY workers. Kittery, Berwick and Dover, N.H., were also popular home towns, each with more than 400 residents employed at the yard.

However, dozens of employees came from more distant communities including Brunswick, New Gloucester and Portland.

Portsmouth Naval Shipyard is one of four such Navy-operated facilities in the country and the second-oldest, founded in 1800.

FOR IMMEDIATE RELEASE

Wednesday, September 18, 2024

Media Contact:

Office of Public Affairs, publicaffairs@doc.gov

U.S. Secretary of Commerce Raimondo and U.S. Secretary of State Blinken Announce Inaugural Convening of International Network of AI Safety Institutes in San Francisco

Commerce and State to co-host convening to advance global cooperation toward the safe, secure, and trustworthy development of artificial intelligence

WASHINGTON – Following Secretary of Commerce Gina Raimondo’s announcement of the launch of the International Network of AI Safety Institutes during the AI Seoul Summit in May, the U.S. Commerce Department and U.S. State Department shared today that they will co-host the inaugural convening of the Network on November 20-21st, 2024, in San Francisco, California. The convening will bring together technical experts on artificial intelligence from each member’s AI safety institute, or equivalent government-backed scientific office, in order to align on priority work areas for the Network and begin advancing global collaboration and knowledge sharing on AI safety.

“AI is the defining technology of our generation. With AI evolving at a rapid pace, we at the Department of Commerce, and across the Biden-Harris Administration, are pulling every lever. That includes close, thoughtful coordination with our allies and like-minded partners,” said U.S. Secretary of Commerce Gina Raimondo. “We want the rules of the road on AI to be underpinned by safety, security, and trust, which is why this convening is so important. I look forward to welcoming government scientists and technical experts from the International Network of AI Safety Institutes to the center of American digital innovation, as we run toward the next phase of global cooperation in advancing the science of AI safety.”

The initial members of the International Network of AI Safety Institutes are Australia, Canada, the European Union, France, Japan, Kenya, the Republic of Korea, Singapore, the United Kingdom, and the United States.

All members have expressed a shared ambition to advance the science of AI safety and recognize the importance of international coordination in ensuring that the benefits of AI development and deployment are shared equitably around the globe.

“Strengthening international collaboration on AI safety is critical to harnessing AI technology to solve the world’s greatest challenges. The AI Safety Network stands as a cornerstone of this effort,” said U.S. Secretary of State Antony J. Blinken.

The goal of this convening is to kickstart the Network’s technical collaboration ahead of the AI Action Summit in Paris in February 2025. The Departments will also invite experts from international civil society, academia, and industry to join portions of the event to help inform the work of the Network and ensure a robust view of the latest developments in the field of AI.

Announcing Online Passport Renewal

09/18/2024 09:36 AM EDT

Antony J. Blinken, Secretary of State

The Department of State is making our new online passport renewal system fully available to the public today, a significant step forward in ensuring that Americans can more easily access passport services. Instead of printing a paper application and mailing it with a check, Americans can now renew their passports through a secure process that will save time and effort.

Our online passport renewal system is an important example of how the Department is modernizing government services for the benefit of Americans and delivering on President Biden’s Executive Order, *Transforming Federal Customer Experience and Service Delivery to Rebuild Trust in Government*. By offering this online alternative to the traditional paper application process, the Department is embracing digital transformation to offer the most efficient and convenient passport renewal experience possible. Thanks to increased staffing, technological advancements, and a host of other improvements, the average routine passport is being processed today in roughly one-third the time as at the same point last summer, and well under the advertised six to eight weeks processing times.

We continue to find ways to reduce administrative barriers and improve efficiency, equity, and accessibility throughout the passport application process. We are dedicated to ensuring the American public can seamlessly access passport services and to making our new online process the best tool possible. We encourage Americans to apply.

Online Passport Renewal is available at [Travel.State.Gov/renewonline](https://travel.state.gov/renewonline)

Sanctioning Iranian Officials in Connection with Human Rights Violations

September 18, 2024

The United States is today designating 12 individuals in connection with Iran’s violent and coercive tactics, both inside and outside Iran. We are taking these actions in coordination with Australia and Canada, who are each also rolling out new sanctions this week against those responsible for human rights abuses in Iran.

Today’s actions target members of the Islamic Revolutionary Guard Corps, officials of Iran’s Prisons Organization, and those responsible for lethal operations overseas. Certain individuals sanctioned today were responsible for human rights abuses, including those involving the deaths and violent repression of prisoners protesting their conditions, the use of torture and sexual assault against prisoners, the denial of medical care to political prisoners, and the kidnapping of regime critics abroad.

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In the two years since Mahsa Zhina Amini’s senseless killing in the custody of Iran’s so-called Morality Police, the Iranian regime has continued to systematically violate the human rights of the Iranian people. Mahsa’s arrest and death for challenging the regime’s mandatory hijab laws sparked a nationwide movement and call: “Woman, Life, Freedom”. The Iranian government responded to this movement with brutal suppression, including murder, torture, sexual violence, and other acts of repression. The United States remains committed to exposing and sanctioning Iranian officials responsible for human rights abuses.

Our sanctions actions are just one of the many ways the United States supports the human rights of the Iranian people. This past year, the United States led the effort to renew the mandates of the UN Special Rapporteur and Fact-Finding Mission on the human rights situation in Iran, ensuring documentation and future accountability for the Iranian regimes’ crimes against its people. We also continue to ensure millions of Iranians have access to the global internet through support for anti-censorship tools, which enable the Iranian people to exercise their fundamental freedoms of expression and speech.

The voices of the Iranian people demanding basic freedoms deserve to be heard. The United States will continue to work with our allies and partners to promote accountability for the regime’s human rights abuses.

The Department of the Treasury sanctions actions today were taken pursuant to [Executive Order 13553](#). For more information, see [Treasury’s press release](#).

FOR IMMEDIATE RELEASE

September 18, 2024
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BUREAU OF INDUSTRY AND SECURITY
Office of Congressional and Public Affairs
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‘Export Enforcement Five’ Governments Reaffirm Commitment to Robust Export Control Enforcement to Counter Evasion

Washington, D.C. – Today, the governments of Australia, Canada, New Zealand, the United Kingdom (UK), and the United States (collectively, the “Export Enforcement Five” or “E5”) marked the completion of their second annual E5 conference in Washington, D.C. by reaffirming their commitment to robust enforcement of export controls on Russia. The joint statement can be found [here](#).

This renewed pledge includes the group’s coordinated efforts to prevent the diversion of sensitive technologies and materials that support Russia’s full-scale invasion of Ukraine. Specifically, the E5 committed to enhancing enforcement-related information sharing and capacity building, increasing outreach and guidance to industry to prevent diversion, and expanding joint investigative efforts to impose penalties that deter and redress violations of our coordinated export controls on Russia.

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“The Export Enforcement Five have demonstrated the powerful impact that enforcement coordination can have in impeding Putin’s efforts to illicitly acquire dual-use items to support his unlawful invasion of Ukraine,” said **Assistant Secretary for Export Enforcement Matthew S. Axelrod**. “This partnership has laid a strong foundation for continued effective global enforcement in support of our common national security interests.”

Since [June 2023](#), BIS and its law enforcement counterparts in Australia, Canada, New Zealand, and the UK have collaborated closely to partner with industry to harden supply chains of the items – especially [common high priority list items](#) – that Russia needs to sustain its unlawful invasion, identify entities that have violated our coordinated export controls, and share investigative information to take coordinated enforcement actions.

In September 2023, the E5 issued the first-of-its-kind [Quint Seal Guidance](#) on countering Russian evasion of export controls. Furthermore, the E5 coordinated activities that resulted in detentions, seizures, and investigations that prevented violators from illicitly acquiring items to support the Russian war machine, as well as formed the foundation for an enduring framework for enforcement of export controls more broadly.

For more information, visit <https://www.bis.gov>.

Treasury Targets Key Actors in Sanctions Evasion Scheme to Support Russia and North Korea

DPRK and Russian Financial Entities Orchestrated Illicit Payment Mechanisms

WASHINGTON — Today, the Department of the Treasury’s Office of Foreign Assets Control (OFAC) designated a network of five entities and one individual—based in Russia and in the Russia-occupied Georgian region of South Ossetia—that have enabled and supported ongoing efforts to establish illicit payment mechanisms between Russia and the Democratic People’s Republic of Korea (DPRK). Today’s action holds accountable parties that have assisted DPRK and Russian sanctions evasion and demonstrates Treasury’s commitment to exposing and disrupting networks that facilitate the funding of the DPRK’s unlawful weapons of mass destruction (WMD) and ballistic missile programs and support Russia’s illegal war against Ukraine.

With mounting losses on the battlefield and deepening international isolation, Russia has become increasingly dependent on the DPRK for weapons procurement and economic cooperation. Today’s sanctions demonstrate the Putin regime’s use of illicit financial schemes to enable the DPRK to access the international banking system in violation of targeted financial sanctions required under United Nations Security Council resolution (UNSCR) 1718 and a ban on correspondent relationships with DPRK banks under UNSCR 2270.

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“Today’s action underscores our significant concern with efforts by Russia and the DPRK to deepen financial cooperation, in violation of UN Security Council resolutions,” said Acting Under Secretary of the Treasury for Terrorism and Financial Intelligence Bradley T. Smith. “The United States remains strongly committed to leveraging all our available tools to disrupt this and other schemes intended to support Russia’s war of aggression against Ukraine and enable the DPRK’s illicit access to the international financial system.”

This action targets illicit financial schemes orchestrated by two DPRK state-run organizations, Foreign Trade Bank (FTB) and Korea Kwangson Banking Corporation (KKBC), both of which are designated entities on the 1718 Sanctions List. FTB is a twice U.S.-designated financial institution that serves as the DPRK’s primary foreign currency exchange bank and is vital to the illicit financial networks the DPRK uses to finance its WMD and ballistic missile programs. FTB was designated in 2013 for enabling transactions related to the DPRK’s WMD proliferation networks and was subsequently re-designated in 2017 after being identified as part of the Government of the DPRK. KKBC was previously designated in August 2009, pursuant to Executive Order (E.O.) 13382 for providing financial services in support of multiple organizations that were identified as WMD proliferators. FTB and KKBC have continued to expand the DPRK’s access to illicit financial networks with the assistance of the Russian Federation.

EXPANDING RUSSIA-DPRK FINANCIAL COORDINATION

In a scheme orchestrated by the Central Bank of Russia, **MRB Bank** (MRB), based in Georgia’s South Ossetia region, acted as a cut-out for a designated Russian bank, **TSMRBank, OOO** (TSMRBank), to establish a secret banking relationship with the FTB. TSMRBank vice president **Dmitry Yuryevich Nikulin** (Nikulin) facilitated cash deposits from FTB through TSMRBank to MRB. Nikulin organized the opening of correspondent accounts for FTB and KKBC at MRB and coordinated with DPRK representatives to ensure the delivery of millions of dollars and rubles in banknotes to FTB and KKBC accounts at MRB. At least some of the DPRK accounts at MRB were used to pay for fuel exports from Russia to the DPRK.

As a part of a separate scheme in late 2023, the U.S.-designated **Russian Financial Corporation Bank JSC** (RFC), worked with FTB to establish a Moscow-based company, **Stroytrejd LLC** (Stroytrejd), to receive frozen DPRK funds held in defunct Russian banks. As a part of this effort to repatriate frozen assets to the DPRK, RFC-owned **Timer Bank, AO** (Timer Bank) transferred funds worth millions of dollars to Stroytrejd that were for the ultimate benefit of FTB. DPRK government officials worked with the RFC to increase high-level economic exchanges between the DPRK and Russia and to enhance financial collaboration between the two countries. FTB has also worked with RFC toward opening accounts for other DPRK banks, including U.S.-designated, DPRK-based Agricultural Development Bank.

OFAC is designating MRB, RFC, Stroytrejd and TSMRBank pursuant to E.O. 13722 for having attempted to materially assist, sponsor, or provide financial, material, or technological support for, or goods or services to or in support of, the Government of North Korea and pursuant to E.O. 14024, as amended, for operating or having operated in the financial services sector of the Russian Federation economy.

OFAC is designating Timer Bank pursuant to both E.O. 13722 and E.O. 14024, as amended, for being owned or controlled by, or having acted or purported to act for or on behalf of, directly or indirectly, RFC.

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OFAC is designating Nikulin pursuant to E.O. 13722 for having materially assisted, sponsored, or provided financial, material, or technological support for, or goods or services to or in support of, the Government of North Korea and pursuant to E.O. 14024, as amended, for being or having been a leader, official, senior executive officer, or member of the board of directors of TSMRBank.

Today, OFAC is also publishing updated identifiers for the DPRK’s KKBC, including DPRK Border Trade Settlement Bank, Border Trade Settlement Bank, and BTSB. KKBC uses these aliases to operate in Russia.

SANCTIONS IMPLICATIONS

As a result of today’s action, all property and interests in property of the designated persons described above that are in the United States or in the possession or control of U.S. persons are blocked and must be reported to OFAC. In addition, any entities that are owned, directly or indirectly, individually or in the aggregate, 50 percent or more by one or more blocked persons are also blocked. Unless authorized by a general or specific license issued by OFAC, or exempt, OFAC’s regulations generally prohibit 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. In addition, financial institutions and other persons that engage in certain transactions or activities with the sanctioned entities and individuals may expose themselves to sanctions or be subject to an enforcement action. The prohibitions include the making of any contribution or provision of funds, goods, or services by, to, or for the benefit of any designated person, or the receipt of any contribution or provision of funds, goods, or services from any such person.

Non-U.S. persons are also prohibited from causing or conspiring to cause U.S. persons to violate U.S. sanctions, wittingly or unwittingly, as well as engage in conduct that evades U.S. sanctions. OFAC’s Economic Sanctions Enforcement Guidelines provide more information regarding OFAC’s enforcement of U.S. sanctions, including the factors that OFAC generally considers when determining an appropriate response to an apparent violation.

The power and integrity of OFAC sanctions derive not only from OFAC’s ability to designate and add persons to the 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. For information concerning the process for seeking removal from an OFAC list, including the SDN List, please refer to OFAC’s Frequently Asked Question 897 here. For detailed information on the process to submit a request for removal from an OFAC sanctions list, please click here. Click here for more information on the individuals and entities designated today.

FOR IMMEDIATE RELEASE

September 24, 2024

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BUREAU OF INDUSTRY AND SECURITY

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G7 Announces Industry Guidance on Preventing Evasion of Export Controls and Sanctions Imposed on Russia

Washington, D.C. – Today, the United States, Canada, France, Germany, Italy, Japan, the United Kingdom, and the European Union (the G7) published, for the first time ever, [joint guidance](#) for industry on preventing evasion of the export controls and sanctions imposed on Russia.

“Preventing Russia from obtaining the components it needs to power its deadly missiles and UAVs is a top priority for G7 members,” said **Assistant Secretary for Export Enforcement Matthew S. Axelrod**. “But the G7’s anti-diversion efforts cannot succeed without the partnership of industry, which is why we today issued our first-ever guidance document designed to provide industry across the G7 the information necessary to identify and respond to Russia’s changing evasion tactics.”

The joint guidance outlines the following priority areas:

- Items that pose a heightened risk of being diverted to Russia;
- Red flag indicators of potential export control and/or sanctions evasion; and
- Best practices for industry to use to address these red flags and conduct enhanced due diligence.

Representatives from the G7 Sub-Working Group on Export Control Enforcement met today in Brussels, Belgium to announce the release of the [guidance document](#) and reaffirm their ongoing commitment to robust, multilateral export control and sanctions enforcement. By issuing this, the G7 Sub-Working Group aims to assist industry in identifying evolving Russian evasion practices and complying with multilateral export controls and sanctions. The goal of the guidance is to protect common high priority list items from misappropriation, prevent reputational harm, and mitigate liability risk, all while supporting the continued success of coordinated export controls and sanctions.

Since February 24, 2022, the G7, in coordination with the other members of the Global Export Control Coalition (GECC) (countries listed in supplement no. 3 to part 746 of the Export Administration Regulations), has implemented unprecedented sanctions and export controls that restrict Russia’s access to technologies and other materials required to sustain its military operations and illegal war in Ukraine. One year ago, in September 2023, the G7’s Enforcement Coordination Mechanism established the Sub-Working Group on Export Control Enforcement to provide a forum for exchanging information and operational results, discussing trends in research and analysis, and sharing best practices for enforcement, including through coordinated guidance to industry. For more information, visit <https://www.bis.gov>.

Joint Statement on the Second Annual Export Enforcement Five Conference

Washington, D.C., September 18, 2024 –

Representatives from the **United States, Australia, Canada, New Zealand, and the United Kingdom**, collectively known as the Export Enforcement Five or E5, gathered in Washington, D.C. on September 17 and 18, 2024, and reaffirmed their commitment to combatting Russia’s circumvention of export controls and sanctions in attempts to obtain dual-use items to support its illegal invasion of Ukraine.

Since its establishment in 2023, the E5 have made significant strides in export control and sanctions enforcement actions. Together, we have diligently collaborated to enhance export control measures and implement targeted sanctions in response to Russia’s invasion of Ukraine.

This meeting marks our second conference since the group was established in 2023. By collaborating and exchanging information on mutual targets and technologies of interest, our nations have delivered a range of outcomes including the interdiction and seizure of goods assessed as being procured by Russia or Russian front companies to bolster its military capabilities.

The E5 use robust mechanisms for exchanging intelligence, keeping each other informed of sanctions designations and Entity List additions, and harmonizing export control lists. By leveraging our collective expertise and resources, we have strengthened the effectiveness of our respective measures and maximized their impact on global security. Together, our nations have presented a united front against Russia’s illegal war in Ukraine and actors who have continued to contribute to the decimation of Ukraine’s sovereignty. Together, we have continued to strive to promote global security, non-proliferation, and responsible trade practices.

As the E5 continue our work, we recognize the need for continued dialogue and engagement with industry stakeholders to foster a culture of compliance and responsible business conduct.

We reinforce the requirement for businesses to uphold their corporate social responsibility commitments and to cooperate with relevant authorities in ensuring compliance with our respective export control frameworks.

FOR IMMEDIATE RELEASE

Thursday, September 19, 2024

Media Contact: Office of Public Affairs, publicaffairs@doc.gov
Biden-Harris Administration Awards Nearly \$5 Million to Small Businesses to Bring New CHIPS Technology to the Commercial Market
Department of Commerce Announces Grants Across Nine States Highlight Thriving U.S. Semiconductor Industry

WASHINGTON – Today, the Biden-Harris Administration awarded nearly \$5 million to 17 small businesses across nine states under the Small Business Innovation Research (SBIR) Program. The SBIR Phase I awards will fund research projects to explore the technical merit or feasibility of an innovative idea or technology for developing a viable product or service for introduction in the commercial microelectronics marketplace. This is the first award for the CHIPS Research and Development Office. The Biden-Harris Administration is dedicated to getting small businesses the resources they need to thrive and promoting competition to level the playing field. *(*Continued on the Following Page)*

FOR IMMEDIATE RELEASE

September 30, 2024

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BIS Imposes Administrative Penalties Against First Call International Inc. for Submission of a Back-Dated Document and Prohibited Exports

WASHINGTON, D.C. – Today, the Department of Commerce’s Bureau of Industry and Security (BIS) announced an administrative settlement of \$439,992 (partially suspended) against First Call International Inc. (First Call), located in Fort Worth, Texas, for the submission of a backdated document to make it appear that a transaction complied with the Export Administration Regulations (EAR) and for exporting military parts without BIS authorization.

“BIS will not tolerate exporters undermining the integrity of our export control system through the submission of false or misleading information,” said **Assistant Secretary of Commerce for Export Enforcement Matthew S. Axelrod**. “Today’s enforcement action once again highlights the need for companies who do business abroad to have robust training efforts and effective export compliance programs.”

BIS identified the false document after requesting a copy of a Prior Consignee Statement (PCS) that exporters are required to obtain prior to utilizing License Exception Strategic Trade Authorization (STA). First Call had not obtained the required statement, but instead of admitting the mistake to BIS, advised its overseas customer to back-date the PCS. Without License Exception STA, this export would have required a license from BIS. This settlement also resolves the allegations set forth in a Proposed Charging Letter (PCL) regarding violations related to the export of certain military aircraft parts without the required BIS license or authorization to export to entities located in Malaysia and South Korea.

Under the final order, First Call is required to provide export compliance training on the EAR to its relevant employees and has agreed to a one-year probationary period. As a part of the settlement agreement, First Call agreed to pay \$75,000, with the remaining penalty amount of \$364,992 suspended due to the company’s financial condition. The remaining penalty amount will eventually be waived provided that First Call has complied with all provisions of the settlement agreement at the conclusion of the one-year probationary period.

The full order, settlement agreement, and PCL are available online [here](https://www.bis.gov). For more information on BIS, visit <https://www.bis.gov>.

FOR IMMEDIATE RELEASE

Thursday, September 19, 2024

Media Contact:

Office of Public Affairs, publicaffairs@doc.gov

Biden-Harris Administration Awards Nearly \$5 Million to Small Businesses to Bring New CHIPS Technology to the Commercial Market

Department of Commerce Announces Grants Across Nine States Highlight Thriving U.S. Semiconductor Industry

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“As we grow the U.S. semiconductor industry, the Biden-Harris Administration is committed to building opportunities for small businesses to prosper. With today’s awards, these 17 businesses will support CHIPS for America’s efforts to grow the U.S. semiconductor ecosystem and support our national and economic security,” said **U.S. Secretary of Commerce Gina Raimondo**.

NIST measurement science, or metrology, is at the heart of all the advances we anticipate from American chipmakers in coming years, like smaller, faster, chips that take less energy to make, operate and cool, with more functions at less expense.

The award-winning projects were competitively selected from proposals submitted in response to a [Notice of Funding Opportunity \(NOFO\)](#) on multiple topics on research projects for critically needed measurement services, tools, and instrumentation; innovative manufacturing metrologies; novel assurance and provenance technologies and advanced metrology research and development (R&D) testbeds to help secure U.S. leadership in the global semiconductor industry.

These are all Phase I SBIR awards, which are meant to establish the merit, feasibility and commercial potential of the proposed research and development projects. All 17 small businesses will be under consideration for a SBIR Phase II award in Spring 2025. Each Phase II award can be funded up to \$1,910,000.

“NIST and CHIPS for America are proud to support these small businesses as they take innovations, scale them for the commercial marketplace, and boost the U.S. economy. We are happy to support the entrepreneurs with great ideas as they seek to build the next great American company,” said **Under Secretary of Commerce for Standards and Technology and National Institute of Standards and Technology (NIST) Director Laurie E. Locascio**.

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CHIPS Metrology SBIR Awardees

Direct Electron LP (Rancho Bernardo, California)

Develop a novel high-speed camera for high-resolution electron backscatter diffraction and transmission Kikuchi diffraction which will significantly expand the materials properties that can be probed with this technique. This project will benefit U.S. industry using materials characterization for current and next-generation microelectronics devices.

HighRI Optics, Inc (Oakland, California)

Develop cutting-edge technology for calibration of the instrument transfer function of extreme ultraviolet (EUV) lithographic tools. This project will advance EUV lithography technology for the U.S. semiconductor industry.

Photon Spot, Inc. (Monrovia, California)

Develop an ultra-compact, ultra-low vibration cryogenic system to support time-resolved imaging applications. This project will benefit integrated circuit manufacturers and researchers conducting experiments on quantum technologies.

Photothermal Spectroscopy Corporation (Santa Barbara, California)

Develop a new instrument for high-speed thermal properties analysis and simultaneous chemical characterization with sub-micron spatial resolution. This project will improve thermal management and thermal property characterization for the U.S. semiconductor industry.

PrimeNano Inc (Santa Clara, California)

Develop a measurement technology for in-line metrology, which has applications in materials purity, electrical properties, three-dimensional devices, and next generation manufacturing. This project will benefit the U.S. metrology and advanced packaging industries.

Recon RF, Inc. (San Diego, California)

Develop next-generation large-signal and high-power transistor modeling techniques to create highly accurate models for Radio Frequency (RF)-Microwave circuit design simulators. This project will benefit researchers and U.S. manufacturers of advanced radar, communications, and satellite technologies.

Sigray, Inc (Concord, California)

Develop a novel linear accumulation x-ray source to achieve an order of magnitude increase in performance over leading x-ray sources for critical dimension scattering. This project benefits researchers and manufacturers of semiconductor transistors.

Vapor Cell Technologies (Boulder, Colorado)

Develop advanced dimensional metrology tools for semiconductor fabrication equipment to minimize the gap in the physical-digital divide and amplifying the accuracy of digital twins. This project will benefit the U.S. microelectronics supply chain.

Tech-X Corporation (Boulder, Colorado)

Develop a simulation tool for photonic integrated circuits that accounts for manufacturing variations and imperfections. This project will benefit the designers of photonic integrated circuits, who will have faster development times as well as U.S. semiconductor manufacturers and fabrication facilities.

Octave Photonics LLC (Louisville, Colorado)

Develop a new measurement tool to analyze airborne contaminants and toxic gases inside and outside the fab that lead to semiconductor processing defects and safety infringements. This project will benefit U.S semiconductor fabrication facilities.

Virtual EM, Inc. (Ann Arbor, Michigan)

Develop a Radio Frequency (RF) channel sounder system to accurately characterize the effects of the wireless environment. This project will benefit microelectronics companies and research institutions focused on communication technologies.

*(*Continued On The Following Column)*

The Provenance Chain Network (Portland, Oregon)

Develop a reference implementation of the Commercial Trust™ Protocol (CTP) to manage verifiable credentials (VCs), metrology, and intellectual property, enhancing hardware security, and provenance tracking of microelectronic components across supply chains. This project will benefit the U.S. microelectronics supply chain industry.

Tiptek, LLC (West Chester, Pennsylvania)

Develop new high-speed nanoprobe to enhance the ability for semiconductor failure analysis to locate and analyze to detect "soft" electrical faults that occur on the most advanced semiconductors and are otherwise difficult to detect. This project will benefit researchers and semiconductor failure analysis engineers in the U.S. semiconductor industry.

Exigent Solutions (Frisco, Texas)

Develop AI-powered software to automate chip design optimization for manufacturability through accelerated lithography simulation. This project will benefit U.S. researchers and industry involved in semiconductor design and manufacturing.

Laser Thermal Analysis, Inc (Charlottesville, Virginia)

Develop hybrid atomic force microscopy instrument that will automatically generate maps of the thermal resistance, thermal boundary interface resistance, and temperature profiles of microprocessors and wide bandgap semiconductor materials and devices. This project will benefit devices with thermal management challenges and materials development needs on length scales smaller than 100 nanometers.

Hummingbird Precision Machine Co. dba Hummingbird Scientific (Olympia, Washington)

Develop a transmission electron microscopy in-situ specimen holder that enables real-time imaging of nano-scale electronic devices. The project will benefit manufacturers and researchers of next-generation high-voltage power converters used in a wide variety of industries.

Steam Instruments (Madison, Wisconsin)

Develop a rapid and accurate high-resolution ion microscopy technology for materials characterization particularly focused on challenges for the semiconductor industry. This project will benefit the U.S. semiconductor industry and researchers.

Learn more about the [CHIPS Metrology Program](#) and the [seven grand challenges](#).

About CHIPS for America

CHIPS for America has allocated over \$32 billion in proposed funding across 16 states and proposed to invest billions more in research and innovation, which will create over 115,000 jobs. Since the beginning of the Biden-Harris Administration, semiconductor and electronics companies have announced over \$400 billion in private investments, catalyzed in large part by public investment. CHIPS for America is part of President Biden and Vice President Harris's economic plan to invest in America, stimulate private sector investment, create good-paying jobs, make more in the United States, and revitalize communities left behind. CHIPS for America includes the CHIPS Program Office, responsible for manufacturing incentives, and the CHIPS Research and Development Office, responsible for R&D programs, that both sit within the National Institute of Standards and Technology (NIST) at the Department of Commerce. Visit chips.gov to learn more.

The CHIPS Metrology Program is building partnerships between researchers and industry to address the microelectronics industry's metrology grand challenges. CHIPS for America has funded over \$190 million across over 40 projects that are helping to develop new instruments, methods, data analysis, and models and simulations.

Treasury Targets Key Actors in Sanctions Evasion Scheme to Support Russia and North Korea

September 19, 2024

DPRK and Russian Financial Entities Orchestrated Illicit Payment Mechanisms

WASHINGTON — Today, the Department of the Treasury’s Office of Foreign Assets Control (OFAC) designated a network of five entities and one individual—based in Russia and in the Russia-occupied Georgian region of South Ossetia—that have enabled and supported ongoing efforts to establish illicit payment mechanisms between Russia and the Democratic People’s Republic of Korea (DPRK). Today’s action holds accountable parties that have assisted DPRK and Russian sanctions evasion and demonstrates Treasury’s commitment to exposing and disrupting networks that facilitate the funding of the DPRK’s unlawful weapons of mass destruction (WMD) and ballistic missile programs and support Russia’s illegal war against Ukraine.

With mounting losses on the battlefield and deepening international isolation, Russia has become increasingly dependent on the DPRK for weapons procurement and economic cooperation. Today’s sanctions demonstrate the Putin regime’s use of illicit financial schemes to enable the DPRK to access the international banking system in violation of targeted financial sanctions required under United Nations Security Council resolution (UNSCR) 1718 and a ban on correspondent relationships with DPRK banks under UNSCR 2270.

“Today’s action underscores our significant concern with efforts by Russia and the DPRK to deepen financial cooperation, in violation of UN Security Council resolutions,” said Acting Under Secretary of the Treasury for Terrorism and Financial Intelligence Bradley T. Smith. “The United States remains strongly committed to leveraging all our available tools to disrupt this and other schemes intended to support Russia’s war of aggression against Ukraine and enable the DPRK’s illicit access to the international financial system.”

This action targets illicit financial schemes orchestrated by two DPRK state-run organizations, Foreign Trade Bank (FTB) and Korea Kwangson Banking Corporation (KKBC), both of which are designated entities on the 1718 Sanctions List. FTB is a twice U.S.-designated financial institution that serves as the DPRK’s primary foreign currency exchange bank and is vital to the illicit financial networks the DPRK uses to finance its WMD and ballistic missile programs. FTB was designated in 2013 for enabling transactions related to the DPRK’s WMD proliferation networks and was subsequently re-designated in 2017 after being identified as part of the Government of the DPRK. KKBC was previously designated in August 2009, pursuant to Executive Order (E.O.) 13382 for providing financial services in support of multiple organizations that were identified as WMD proliferators. FTB and KKBC have continued to expand the DPRK’s access to illicit financial networks with the assistance of the Russian Federation.

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EXPANDING Russia-DPRK FINANCIAL COORDINATION

In a scheme orchestrated by the Central Bank of Russia, **MRB Bank** (MRB), based in Georgia’s South Ossetia region, acted as a cut-out for a designated Russian bank, **TSMRBank, OOO** (TSMRBank), to establish a secret banking relationship with the FTB. TSMRBank vice president **Dmitry Yuryevich Nikulin** (Nikulin) facilitated cash deposits from FTB through TSMRBank to MRB. Nikulin organized the opening of correspondent accounts for FTB and KKBC at MRB and coordinated with DPRK representatives to ensure the delivery of millions of dollars and rubles in banknotes to FTB and KKBC accounts at MRB. At least some of the DPRK accounts at MRB were used to pay for fuel exports from Russia to the DPRK.

As a part of a separate scheme in late 2023, the U.S.-designated **Russian Financial Corporation Bank JSC** (RFC), worked with FTB to establish a Moscow-based company, **Stroytrejd LLC** (Stroytrejd), to receive frozen DPRK funds held in defunct Russian banks. As a part of this effort to repatriate frozen assets to the DPRK, RFC-owned **Timer Bank, AO** (Timer Bank) transferred funds worth millions of dollars to Stroytrejd that were for the ultimate benefit of FTB. DPRK government officials worked with the RFC to increase high-level economic exchanges between the DPRK and Russia and to enhance financial collaboration between the two countries. FTB has also worked with RFC toward opening accounts for other DPRK banks, including U.S.-designated, DPRK-based Agricultural Development Bank.

OFAC is designating MRB, RFC, Stroytrejd and TSMRBank pursuant to E.O. 13722 for having attempted to materially assist, sponsor, or provide financial, material, or technological support for, or goods or services to or in support of, the Government of North Korea and pursuant to E.O. 14024, as amended, for operating or having operated in the financial services sector of the Russian Federation economy.

OFAC is designating Timer Bank pursuant to both E.O. 13722 and E.O. 14024, as amended, for being owned or controlled by, or having acted or purported to act for or on behalf of, directly or indirectly, RFC.

OFAC is designating Nikulin pursuant to E.O. 13722 for having materially assisted, sponsored, or provided financial, material, or technological support for, or goods or services to or in support of, the Government of North Korea and pursuant to E.O. 14024, as amended, for being or having been a leader, official, senior executive officer, or member of the board of directors of TSMRBank.

Today, OFAC is also publishing updated identifiers for the DPRK’s KKBC, including DPRK Border Trade Settlement Bank, Border Trade Settlement Bank, and BTSB. KKBC uses these aliases to operate in Russia.

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SANCTIONS IMPLICATIONS

As a result of today's action, all property and interests in property of the designated persons described above that are in the United States or in the possession or control of U.S. persons are blocked and must be reported to OFAC. In addition, any entities that are owned, directly or indirectly, individually or in the aggregate, 50 percent or more by one or more blocked persons are also blocked. Unless authorized by a general or specific license issued by OFAC, or exempt, OFAC's regulations generally prohibit 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. In addition, financial institutions and other persons that engage in certain transactions or activities with the sanctioned entities and individuals may expose themselves to sanctions or be subject to an enforcement action. The prohibitions include the making of any contribution or provision of funds, goods, or services by, to, or for the benefit of any designated person, or the receipt of any contribution or provision of funds, goods, or services from any such person.

Non-U.S. persons are also prohibited from causing or conspiring to cause U.S. persons to violate U.S. sanctions, wittingly or unwittingly, as well as engage in conduct that evades U.S. sanctions. OFAC's [Economic Sanctions Enforcement Guidelines](#) provide more information regarding OFAC's enforcement of U.S. sanctions, including the factors that OFAC generally considers when determining an appropriate response to an apparent violation.

The power and integrity of OFAC sanctions derive not only from OFAC's ability to designate and add persons to the 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.

At the UN, world leaders try to lay out a vision for the future — and actually make it happen

By EDITH M. LEDERER The Associated Press, Updated September 23, 2024, 12:23 a.m.

UNITED NATIONS (AP) — The U.N. General Assembly adopted a "Pact for the Future" to meet the challenges of the 21st century. Now comes the hard part: uniting the world's divided nations to move quickly to implement its 56 actions.

U.N. Secretary-General Antonio Guterres thanked the 193-member world body for approving the pact and unlocking the door for nations to join forces to tackle challenges ranging from climate change and artificial intelligence to escalating conflicts and increasing inequality and poverty — and improve the lives of the world's more than 8 billion people.

"We are here to bring multilateralism back from the brink," he said. "Now it is our common destiny to walk through it. That demands not just agreement, but action."

The 42-page pact was adopted at Sunday's opening of a two-day "Summit of the Future," which continues Monday. Among leaders slated to address the summit are Iran's Masoud Pezeshkian, Ukraine's Volodymyr Zelenskyy, U.S. Secretary of State Antony Blinken and Russian Deputy Foreign Minister Sergey Vershinin.

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Russia tried to change the pact

Whether the pact would be adopted was still a question when the assembly meeting began on Sunday. In fact, there was so much suspense that Guterres had three prepared speeches, one for approval, one for rejection, and one if things weren't clear, U.N. spokesman Stephane Dujarric said.

Russia's Vershinin launched the opening salvo. He proposed an amendment that would have significantly watered down the pact. "No one is happy with this pact," he said.

It turned out he was wrong. Africa's 54 nations opposed Russia's amendments and speaking on their behalf, the Republic of Congo countered with a motion not to vote on the amendments. Mexico supported the Africans, and in a vote on their motion, the Africans got support from 143 countries,, with only six countries supporting Russia -- Iran, Belarus, North Korea, Nicaragua, Sudan and Syria. 15 countries abstained.

Assembly President Philémon Yang then put the pact to a vote and banged his gavel, signifying the consensus of all U.N. member nations that was required for approval — to vigorous applause.

Russia has made significant inroads in Africa -- in countries like Mali, Burkina Faso, Niger and Central African Republic -- and the continent's rejection of its amendments along with Mexico, a major Latin American power, was seen as a blow to Moscow by some diplomats and observers.

The secretary-general issues a challenge

Guterres, clearly relieved at the outcome, then issued a challenge to the leaders: Implement the pact. Prioritize dialogue and negotiations. End "wars tearing our world apart" from the Middle East to Ukraine and Sudan. Reform the powerful U.N. Security Council. Accelerate reforms of the international financial system. Ramp up a transition from fossil fuels. Listen to young people and include them in decision-making.

The U.N.'s main bloc of developing countries — the Group of 77, which now has 134 members, including China — echoed Guterres in a speech by Ugandan Prime Minister Robinah Nabbanja.

"This pact should not become another futile exercise, but must garner political will and commitment across all levels of global leadership to pragmatically address current issues and lay a foundation for solutions for our future global progress and challenges," he said.

Nabbanja stressed that the future should be "free from any oppression" and close widening gaps between developed and developing countries The G77 regrets that the pact doesn't recognize actions that developed countries should take to close the gap, he said.

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In a rare move at a high-level U.N. meeting where leaders often exceed the announced time limit, Yang announced at the start of their speeches that they would be muted after five minutes. Among those who kept talking after their mics were silenced: Brazilian President Luiz Inacio Lula da Silva, Kuwait's Crown Prince Sheikh Sabah Khalid Al Sabah and Irish President Michael Higgins.

There's a long list of things to tackle

The Pact for the Future says world leaders are gathering "at a time of profound global transformation," and it warns of "rising catastrophic and existential risks" that could tip people everywhere "into a future of persistent crisis and breakdown."

Guterres singled out a number of key provisions in the pact and its two accompanying annexes, a Global Digital Compact and Declaration on Future Generations.

The pact commits world leaders to reform the 15-member Security Council, to make it more reflective of today's world and "redress the historical injustice against Africa," which has no permanent seat, and to address the under-representation of the Asia-Pacific region and Latin America.

It also "represents the first agreed multilateral support for nuclear disarmament in more than a decade," Guterres said, and it commits "to steps to prevent an arms race in outer space and to govern the use of lethal autonomous weapons."

The Global Digital Compact "includes the first truly universal agreement on the international governance of artificial intelligence," the U.N. chief said.

As for human rights, Guterres said, "In the face of a surge in misogyny and a rollback of women's reproductive rights, governments have explicitly committed to removing the legal, social and economic barriers that prevent women and girls from fulfilling their potential in every sphere."

Driving rates are above pre-pandemic levels in almost every major U.S. metro, including Boston, a new analysis finds.

- However, some of Massachusetts' other metros are bucking the trend.

Why it matters: The COVID-19 pandemic, when driving plummeted as people sought to "stop the spread," was a unique chance for cities to get a lasting handle on transportation-related emissions.

Driving the news: Average daily vehicle miles traveled (VMT) per capita increased 12.3% across the 100 biggest U.S. metro areas this past spring compared to the same period in 2019.

- That's according to a new report from StreetLight Data, a transportation analytics firm.
- VMT fell in just 12 of the metros.

Zoom in: The average increased by about 1.6% in Boston's metro area — an uptick dwarfed by some other areas of the country.

- VMT per capita has increased the most in McAllen, Texas (67.6%); Boise City, Idaho (57.8%) and El Paso, Texas (42%).

The other side: Other parts of Massachusetts are still driving less than pre-pandemic, including Springfield, which is down about 6%, and Worcester, which has seen about a 2.5% dip.

- The metros with the biggest reductions in VMT per capita are concentrated in California, like Los Angeles (-16.6%), San Francisco (-13.2%) and San Jose (-12.3%).

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The intrigue: VMT is up 14% in the New York metro area, where a first-in-the-nation "congestion pricing" plan meant in part to reduce driving and gin up funds for public transit was shelved indefinitely at the eleventh hour.

Between the lines: While higher VMT tends to mean more vehicle-related emissions, it can also be a sign of changes generally perceived as positive, like more economic activity.

- Lower VMT can be a sign of successful public transit or cycling projects — or an indication that lots of people are still working hybrid or remotely.

Yes, but: "GDP now stands above 2019 levels even in the metros where VMT is still down," per StreetLight's report.

- "This is a signal that GDP growth can be decoupled from VMT growth."

The bottom line: "It's not just that [VMT] is back up, but we're actually seeing a bit of an acceleration compared to the previous couple of years," Emily Adler, director of content at StreetLight, tells Axios.

- "So that suggests that we're not peaking, that whatever efforts we've strived for to keep VMT down, they're not quite working — or they're not working yet."

FOR IMMEDIATE RELEASE

September 23, 2024

www.bis.gov

BUREAU OF INDUSTRY AND SECURITY

Office of Congressional and Public Affairs

OCPA@bis.doc.gov

Commerce Announces Proposed Rule to Secure Connected Vehicle Supply Chains from Foreign Adversary Threats

Washington, D.C. — Today, the U.S. Department of Commerce's Bureau of Industry and Security (BIS) published a Notice of Proposed Rulemaking (NPRM) that would prohibit the sale or import of connected vehicles integrating specific pieces of hardware and software, or those components sold separately, with a sufficient nexus to the People's Republic of China (PRC) or Russia.

The proposed rule focuses on hardware and software integrated into the Vehicle Connectivity System (VCS) and software integrated into the Automated Driving System (ADS). These are the critical systems that, through specific hardware and software, allow for external connectivity and autonomous driving capabilities in connected vehicles. Malicious access to these systems could allow adversaries to access and collect our most sensitive data and remotely manipulate cars on American roads. The proposed rule would apply to all wheeled on-road vehicles such as cars, trucks, and buses, but would exclude vehicles not used on public roads like agricultural or mining vehicles.

BIS and its Office of Information and Communications Technology and Services (OICTS) have found that certain technologies originating from the PRC or Russia present an undue risk to both U.S. critical infrastructure and those who use connected vehicles. Today's action is a proactive measure designed to protect our national security and the safety of U.S. drivers.

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“Cars today have cameras, microphones, GPS tracking, and other technologies connected to the internet. It doesn’t take much imagination to understand how a foreign adversary with access to this information could pose a serious risk to both our national security and the privacy of U.S. citizens. To address these national security concerns, the Commerce Department is taking targeted, proactive steps to keep PRC and Russian-manufactured technologies off American roads,” **said U.S. Secretary of Commerce Gina Raimondo.**

“The Biden-Harris Administration is ensuring that Americans can drive the car of their choice safely and securely – free from risks posed by Chinese technologies,” **said National Economic Advisor Lael Brainard.**

“Today, the U.S. government is taking strong action to protect the American people, our critical infrastructure, and automotive supply chains from the national security risks associated with connected vehicles produced by countries of concern. While connected vehicles yield many benefits, the data security and cybersecurity risks posed by software and hardware components sourced from the PRC and other countries of concern are equally clear, and we will continue to take necessary steps to mitigate these risks and get out ahead of the problem,” **said National Security Advisor Jake Sullivan.**

“This rule marks a critical step forward in protecting America’s technology supply chains from foreign threats and ensures that connected vehicle technologies are secure from the potential exploitation of entities linked to the PRC and Russia,” **said Under Secretary of Commerce for Industry and Security Alan F. Estevez.** “The Department of Commerce will continue to take a proactive approach to address this national security risk before Chinese and Russian suppliers proliferate within the U.S. automotive ecosystem. Our goal is always to safeguard our national security.”

“Our regulatory focus remains steadfast on enhancing the security of our nation’s critical technologies,” **said Elizabeth Cannon, Executive Director of OICTS.** “Without this proposed rule, we would be leaving an open door for foreign adversaries looking to compromise one of our most important assets, our cars. BIS is committed to safeguarding our technology supply chains from foreign adversary manipulation.”

Today’s proposed rule would prohibit the import and sale of vehicles with certain VCS or ADS hardware or software with a nexus to the PRC or Russia. The VCS is the set of systems that allow the vehicle to communicate externally, including telematics control units, Bluetooth, cellular, satellite, and Wi-Fi modules. The ADS includes the components that collectively allow a highly autonomous vehicle to operate without a driver behind the wheel.

The rule would also prohibit manufacturers with a nexus to the PRC or Russia from selling connected vehicles that incorporate VCS hardware or software or ADS software in the United States, even if the vehicle was made in the United States.

The prohibitions on software would take effect for Model Year 2027 and the prohibitions on hardware would take effect for Model Year 2030, or January 1, 2029 for units without a model year.

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The proposed rule is implemented under BIS’s ICTS authorities, as provided for under Executive Order 13873, “Securing the Information and Communications Technology and Services Supply Chain.” EO 13873 allows the Department of Commerce to issue regulations that establish criteria by which particular technologies may be included in EO 13873’s prohibitions when transactions involving those technologies (1) pose an undue or unacceptable risk of sabotage to or subversion of ICTS in the United States; (2) pose an undue risk of catastrophic effects on the security or resiliency of U.S. critical infrastructure or the digital economy of the United States; or (3) otherwise pose an unacceptable risk to the national security of the United States or the security and safety of U.S. persons.

This NPRM incorporates public feedback submitted in response to an Advance Notice of Proposed Rulemaking (ANPRM) on connected vehicles published by BIS on March 1, 2024. BIS is seeking additional public comment on today’s proposed rule from all interested parties.

Additional Information:

The text of the proposed rule is available [here](#). BIS invites public comments, which are due 30 days after publication. Stakeholders are encouraged to submit their feedback by the deadline to ensure that the final provisions reflect broad industry and public input. You may submit comments for the rule by identified docket number BIS-2024-0005 or RIN 0694-AJ56. All comments must be submitted through the Federal eRulemaking Portal (<https://www.regulations.gov>) or emailed directly to connectedvehicles@bis.doc.gov with “RIN 0694-AJ56” included in the subject line.

Notice of Proposed Issuance of Letter of Offer Pursuant to Section 36(b)(1) of the Arms Export Control Act, as amended

(i) *Prospective Purchaser:* Government of the United Kingdom

(ii) *Total Estimated Value:*

Major Defense Equipment *	\$28.8 million
Other	\$ 2.4 million
TOTAL	\$31.2 million

(iii) *Description and Quantity or Quantities of Articles or Services under Consideration for Purchase:*

Major Defense Equipment (MDE):

Seven hundred sixty-eight (768) Advanced Precision Kill Weapon System-II (APKWS-II) All Up Rounds (AURs) (Single Variant)

Non-MDE:

Also included is support equipment; spare and repair parts; publications and technical documentation; transportation; U.S. Government and contractor engineering, technical and logistical support services; and other related elements of logistical and program support.

(iv) *Military Department:* Navy (UK-P-AIH)

(v) *Prior Related Cases, if any:* None

(vi) *Sales Commission, Fee, etc., Paid, Offered, or Agreed to be Paid:* None

(vii) *Sensitivity of Technology Contained in the Defense Article or Defense Services Proposed to be Sold:* See Attached Annex

(viii) *Date Report Delivered to Congress:* April 28, 2023

* As defined in Section 47(6) of the Arms Export Control Act.

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POLICY JUSTIFICATION

United Kingdom—Advanced Precision Kill Weapon System

The Government of the United Kingdom has requested to buy up to seven hundred sixty-eight (768) Advanced Precision Kill Weapon System-II (APKWS-II) All Up Round (AURs) (Single Variant). Also included is support equipment; spare and repair parts; publications and technical documentation; transportation; U.S. Government and contractor engineering, technical and logistical support services; and other related elements of logistical and program support. The total estimated cost is \$31.2 million.

This proposed sale will support the foreign policy goals and national security objectives of the United States by improving the security of a NATO Ally that is a force for political stability and economic progress in Europe.

The proposed sale will improve the United Kingdom's capability to meet current and future threats by ensuring its aviation forces' interoperability with United States and other allied forces as well as its ability to contribute to missions of mutual interest. By deploying the Advanced Precision Kill Weapon System, the United Kingdom would contribute to global readiness and enhance the capability for U.S. forces operating globally alongside them. The United Kingdom will have no difficulty absorbing this equipment into its armed forces. The proposed sale of this equipment and support will not alter the basic military balance in the region.

The principal contractors will be BAE Systems, Nashua, New Hampshire. There are no known offset agreements proposed in connection with this potential sale.

Implementation of this proposed sale will require multiple trips by approximately five (5) U.S. Government representatives and the assignment of approximately five (5) contractor representatives to the United Kingdom on an intermittent basis for a period of approximately five (5) years to support delivery and integration of items and to provide supply support management, inventory control, and equipment familiarization.

There will be no adverse impact on U.S. defense readiness as a result of this proposed sale.

Tuesday, September 24, 2024

Media Contact:

Office of Public Affairs, publicaffairs@doc.gov

Biden-Harris Administration Announces First CHIPS Commercial Fabrication Facilities Award with Polar Semiconductor, Establishing Independent American Foundry

CHIPS Investment Expected to Nearly Double U.S. Production Capacity of Sensor and Power Chips at Bloomington, Minnesota Manufacturing Facility

Today, as part of the Biden-Harris Administration's Investing in America agenda, the U.S. Department of Commerce announced its first award under the CHIPS Incentives Program's Funding Opportunity for Commercial Fabrication Facilities of up to \$123 million in direct funding to Polar Semiconductor (Polar). The award follows the previously signed preliminary memorandum of terms and the completion of the Department's due diligence. The award will expand and modernize the company's manufacturing facility in Bloomington, Minnesota. The Department will distribute the funds based on Polar's completion of project milestones.

*(*Continued On The Following Column)*

"Semiconductors – those tiny chips smaller than the tip of your finger – power everything from smartphones to cars to satellites and weapons systems. I signed the CHIPS and Science Act to revitalize American leadership in semiconductors, strengthen our supply chains, protect our national security, and advance American competitiveness. And over the last three and a half years, we have done just that, catalyzing over \$400 billion in private sector investments in semiconductors and electronics that are creating over 115,000 construction and manufacturing jobs. This year alone, the United States is on pace to see more investment in electronics manufacturing construction than it did over the last 24 years combined," **said President Joe Biden.** "Today's announcement that the Department of Commerce has finalized the first commercial CHIPS Incentives award with Polar Semiconductor marks the next phase of the implementation of the CHIPS and Science Act, and demonstrates how we continue to deliver on the Investing in America agenda. Polar's new facility will also be completed under a Project Labor Agreement to support its construction workforce, creating good-quality union jobs in Bloomington, Minnesota. Today's announcement is just one of the many ways our Investing in America agenda is reshoring U.S. manufacturing, investing in workers and communities across the country, and advancing America's leadership in the technologies of tomorrow."

"Today represents an important milestone in the implementation of the historic CHIPS and Science Act as we announce the first award agreement with Polar," **said U.S. Secretary of Commerce Gina Raimondo.** "The Biden-Harris Administration's investment in Polar will create a new U.S.-owned foundry for sensor and power semiconductors and modernize and expand Polar's facilities in Minnesota, strengthening our national and economic security, bolstering our supply chains, and creating quality jobs."

The Biden-Harris Administration's investment will support Polar's efforts to almost double its U.S. production capacity of sensor and power chips within two years. This award catalyzes a total investment of more than \$525 million from private, state, and federal sources to transform Polar from a majority foreign-owned in-house manufacturer to a majority U.S.-owned commercial foundry. Through Polar's semiconductor manufacturing operations, the Administration's investment is expected to create over 160 manufacturing and construction jobs in Minnesota.

For more information about Polar's award, please visit the [CHIPS for America website](#).

"The Biden-Harris Administration's investment into Polar marks the first award, of many to come, into communities across our nation to regain our lead in semiconductor manufacturing," **said Lael Brainard, National Economic Advisor.**

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“Polar and its employees are excited to embark on our transformative project. We welcome new customers and partnerships, and as a domestic U.S.-owned sensor and advanced power semiconductor merchant foundry, we will support technology and design innovation, protect intellectual property, facilitate onshoring and technology transfers, and provide efficient low- to high-volume manufacturing with world-class quality,” said **Surya Iyer, President and Chief Operating Officer of Polar Semiconductor**. “Through our collaborative and sustained workforce development efforts, we expect to support customers with highly skilled employees today and into the future. We are pleased to close on the significant equity investment from Niobrara Capital and Prysm Capital, and we extend our sincere thanks to our partners at the U.S. Department of Commerce, the State of Minnesota, and the City of Bloomington for their support of the future of American semiconductor manufacturing.”

The purpose of the Award Phase is to finalize comprehensive due diligence and negotiate the final award documents. As stated in the CHIPS Notice of Funding Opportunity for Commercial Fabrication Facilities, the Department will distribute direct funding based on the completion of project components in connection with both the capital expenditures for the project and production and commercial milestones. The program will track the performance of each CHIPS Incentives Award through financial and programmatic reports, in accordance with the award terms and conditions, to establish a compliance program to monitor that commitments are being upheld.

About CHIPS for America

CHIPS for America has allocated more than \$35 billion in proposed funding across 16 states and proposed to invest billions more in research and innovation, which is expected to create over 115,000 jobs. Since the beginning of the Biden-Harris Administration, semiconductor and electronics companies have announced over \$400 billion in private investments, catalyzed in large part by public investment. CHIPS for America is part of President Biden and Vice President Harris’s economic plan to invest in America, stimulate private sector investment, create good-paying jobs, make more in the United States, and revitalize communities left behind. CHIPS for America includes the CHIPS Program Office, responsible for manufacturing incentives, and the CHIPS Research and Development Office, responsible for R&D programs, that both sit within the National Institute of Standards and Technology (NIST) at the Department of Commerce. Visit chips.gov to learn more.

FOR IMMEDIATE RELEASE

September 30, 2024
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BUREAU OF INDUSTRY AND SECURITY

Office of Congressional and Public Affairs

OCA@bis.doc.gov

BIS Imposes Penalty on Quantum Corporation to Resolve Alleged Violations of the Antiboycott Regulations

WASHINGTON, D.C. – Today, the Department of Commerce’s Bureau of Industry and Security (BIS) imposed a civil penalty of \$151,875 against Quantum Corporation (Quantum), a data storage, management, and protection company based in San Jose, California, to resolve 45 alleged violations of the antiboycott provisions of the Export Administration Regulations (EAR). Quantum voluntarily self-disclosed the conduct to BIS, cooperated with the investigation by BIS’s Office of Antiboycott Compliance (OAC), and implemented remedial measures after discovering the conduct at issue, all of which resulted in a significant reduction in penalty. *(*Continued On The Following Column)*

“Today’s settlement highlights how important it is that companies ensure their antiboycott compliance programs reach all the way throughout their organizations,” said **Assistant Secretary for Export Enforcement Matthew S. Axelrod**. “A company with foreign subsidiaries, distributor agreements, or other contractual relationships in boycotting countries has extra work to do to amplify awareness of the antiboycott regulations among their foreign partners.”

Case Background:

As part of the settlement with BIS, Quantum admitted to the conduct set forth in the Proposed Charging Letter, which alleged 45 violations of Section 760.5 of the EAR (Failing to Report the Receipt of a Request to Engage in a Restrictive Trade Practice or Foreign Boycott Against a Country Friendly to the United States). Specifically, between July 2018 and December 2019, Quantum received 45 requests from its customer, a distributor located in the United Arab Emirates (UAE), to refrain from importing goods of Israeli origin into the UAE in fulfillment of purchase orders from that customer. Quantum failed to report to BIS the receipt of these requests.

The order, settlement agreement, and proposed charging letter are available [here](#).

Additional Information:

These BIS actions were taken under the authority of the Anti-Boycott Act of 2018, a subpart of the Export Control Reform Act of 2018, and its implementing regulations, the EAR. The antiboycott provisions set forth in Part 760 of the EAR discourage, and in certain circumstances prohibit, U.S. persons from taking certain actions in furtherance or support of a boycott maintained by a foreign country against a country friendly to the United States (an unsanctioned foreign boycott).

In addition, U.S. persons must report to OAC their receipt of certain boycott-related requests, whether or not they intend to comply with them. Reports may be filed electronically or by mail on form BIS-621P for single transactions or on form BIS-6051P for multiple transactions involving boycott requests received in the same calendar quarter. U.S. persons located in the United States must postmark or electronically date stamp their reports by the last day of the month following the calendar quarter in which the underlying request was received. For U.S. persons located outside the United States, the postmark or date stamp deadline is the last day of the second month following the calendar quarter in which the request was received. Forms for both electronic transmission and mail submission may be accessed from the [forms request page](#).

BIS maintains a boycott Requester List on the OAC [webpage](#) with the objective of helping U.S. persons comply with the reporting requirements of the antiboycott regulations set forth in Part 760 of the EAR. Each entity on the Requester List has been recently reported to BIS on a boycott request report form, as required by Section 760.5 of the EAR, as having made a boycott-related request in connection with a transaction in the interstate or foreign commerce of the United States. U.S. persons are encouraged to diligently review transaction documents from all sources, but especially transaction documents with or involving these listed parties, given that they have been identified by others as a source of boycott-related requests. A party’s inclusion on the Requester List does not mean that U.S. persons are restricted from dealing with the listed party. Rather, U.S. persons are on notice that the listed party is more likely to make reportable boycott-related requests.

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BIS has enhanced its antiboycott enforcement efforts to prevent U.S. companies from being used to support unsanctioned foreign boycotts, most notably the Arab League boycott of Israel. In October 2022, BIS raised its penalties and instituted a requirement that companies entering into settlement agreements for antiboycott violations admit to a statement of facts outlining their conduct. In July 2023, BIS announced a renewed focus on foreign subsidiaries of U.S. companies and noted that it would explore additional ways to deter foreign parties from issuing or making boycott requests. BIS also modified the boycott reporting form to require submitters to indicate the identity of the requesting party.

For additional information regarding the application of the antiboycott provisions of the EAR, please contact OAC through the OAC Advice Line at (202) 482-2381 or through the online portal.

For more information, visit BIS's website at: <https://www.bis.gov>.

MISSION STATEMENT:

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