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BUREAU OF INDUSTRY AND SECURITY
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**Commerce Implements Regulatory Changes to Voluntary Self-Disclosure Process and Penalty Guidelines;
Names Raj Parekh as First-Ever Chief of Corporate Enforcement**

Washington, D.C. – Today, the U.S. Commerce Department’s Bureau of Industry and Security (BIS) issued a final rule making changes to the provisions in the Export Administration Regulations (EAR) related to BIS’s policies and practices regarding voluntary self-disclosures (VSDs) and to the Guidance on Charging and Penalty Determinations in Settlement of Administrative Enforcement Cases (BIS Penalty Guidelines).

This rule provides BIS with increased flexibility to determine fair and appropriate penalty amounts while also making it less burdensome for companies to submit certain VSDs. The rule revises the BIS Penalty Guidelines to change how the Office of Export Enforcement (OEE) calculates the base penalty in administrative cases and how OEE applies various factors to the base penalty to determine the final penalty.

As part of these efforts, BIS is also announcing the appointment of Raj Parekh as its first-ever Chief of Corporate Enforcement. He will serve as the primary interface between BIS’s special agents, the Department of Commerce’s Office of Chief Counsel for Industry and Security, and the Department of Justice to advance significant corporate investigations. This is the first time BIS has appointed a Chief of Corporate Enforcement, further reflecting BIS’s commitment to this effort.

“Today’s rule changes and appointment of Raj Parekh as Chief of Corporate Enforcement are important steps in institutionalizing the progress we’ve made over the past three years to strengthen our administrative enforcement program,” said **Assistant Secretary of Commerce for Export Enforcement Matthew S. Axelrod**. “The stakes of ensuring that we have the proper tools to deter export violations and – when that deterrence fails – to hold violators accountable could not be higher.”

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Breakdown of Updates:

Beginning in 2022, BIS issued a series of publicly available memoranda describing policy changes to strengthen its administrative enforcement program and to encourage anyone who thinks they may have violated the EAR to submit VSDs. In the twelve months since these policies were announced compared with the twelve months prior, BIS has seen nearly a 30 percent increase in significant VSDs and nearly a 20 percent increase in industry tips that resulted in actionable leads. These increases highlight not only the positive impact of the policies but also the important role industry plays in protecting national security. With today’s rule, these policies are now enshrined in federal regulations.

In today’s final rule, the significant revisions to § 764.5 of the Export Administration Regulations (EAR) (regarding the voluntary self-disclosure process) include:

- Detailing how OEE will process VSDs in a dual-track manner, with VSDs involving minor or technical violations being resolved within 60 days either by no-action letter or warning letter, and the assignment of an OEE agent and BIS Office of Chief Counsel enforcement attorney for potentially significant violations.
- Adding a streamlined submission process for VSDs involving minor or technical violations, including an abbreviated narrative and the recommendation to bundle multiple minor or technical violations into one overarching quarterly submission.
- Making clear that an entity’s deliberate decision not to disclose a significant violation will be considered an aggravating factor when OEE determines what administrative penalties, if any, will be sought.
- Clarifying that any person, not just a party submitting a VSD, may notify the Director of OEE that a violation has occurred and then request permission from the Office of Exporter Services to return previously unlawful exports to the United States.

Additionally, BIS revised the BIS Penalty Guidelines so that potential penalties more appropriately reflect the seriousness of the offense by linking that determination directly to the individual circumstances of each violation. The significant revisions to Supplement No. 1 to Part 766 (regarding the BIS Penalty Guidelines) include:

Additionally, BIS revised the BIS Penalty Guidelines so that potential penalties more appropriately reflect the seriousness of the offense by linking that determination directly to the individual circumstances of each violation. The significant revisions to Supplement No. 1 to Part 766 (regarding the BIS Penalty Guidelines) include:

- Revising the BIS Penalty Guidelines to give OEE increased discretion to determine penalties that appropriately reflect the individual circumstances of violations, while maintaining OEE’s ability to adjust penalties (up or down) within the statutory limits to reflect the applicable factors for administrative action set forth in the BIS Penalty Guidelines.

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- Formalizing non-monetary resolutions as an enforcement response for cases that involve non-egregious conduct but rise above the level of cases warranting a warning letter or no-action letter.
- Amending Aggravating Factor C to include the enabling of human rights abuses as a specific consideration when BIS assesses the potential impact of a violation on U.S. foreign policy objectives.
- Amending General Factor H to make clear that disclosures of conduct by others that lead to an enforcement remedy count as exceptional cooperation.

Background about Raj Parekh

Mr. Parekh joins BIS from the United States Attorney’s Office for the Eastern District of Virginia (EDVA), where he served as Acting United States Attorney and for four years as First Assistant United States Attorney. Mr. Parekh was the highest-ranking career (non-political) official in EDVA and led a staff of more than 300 federal prosecutors, civil litigators, and support personnel in a district that serves more than six million residents.

Mr. Parekh is an experienced litigator, having tried more than 40 cases to verdict throughout his career and having previously worked at EDVA, the Department of Justice’s National Security Division, a major technology company, the United States Attorney’s Office for the District of Columbia, the Central Intelligence Agency, and an international law firm.

Additional Information:

The text of the final rule is available on the Federal Register’s website.

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

FOR IMMEDIATE RELEASE

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BUREAU OF INDUSTRY AND SECURITY

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Department of Commerce Implements Controls on Quantum Computing and Other Advanced Technologies Alongside International Partners

WASHINGTON, D.C. – The U.S. Commerce Department’s Bureau of Industry and Security (BIS) published an interim final rule (IFR) today implementing controls on critical and emerging technologies that have reached broad technical agreement among our international partners. This IFR includes controls related to quantum computing, semiconductor manufacturing, and other advanced technologies. Today’s action strengthens our international relationships with like-minded countries and ensures that U.S. export controls keep pace with rapidly advancing technologies that pose serious threats to our national security when in the wrong hands.

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“Today’s action ensures our national export controls keep step with rapidly evolving technologies and are more effective when we work in concert with international partners,” said **Alan Estevez, Under Secretary for the Bureau of Industry and Security**. “Aligning our controls on quantum and other advanced technologies makes it significantly more difficult for our adversaries to develop and deploy these technologies in ways that threaten our collective security.”

“The most effective way to protect our national security is to develop and coordinate our controls alongside like-minded partners, and today’s actions demonstrate our flexibility in how we craft such controls to achieve our national security objective,” said **Assistant Secretary of Commerce for Export Administration Thea D. Rozman Kendler**, adding “Not only are we adopting new emerging technology controls with this rule, we are also building increased agility into our system with a new license exception for trusted partners.”

As critical technologies with military applications continue to emerge and evolve, there is an increased need to regulate their movement to ensure these items are not used for purposes contrary to U.S. national security or foreign policy.

In today’s IFR, BIS is implementing worldwide export controls on specific types of items, including:

- **Quantum Computing Items:** quantum computers, related equipment, components, materials, software, and technology that can be used in the development and maintenance of quantum computers.
- **Advanced Semiconductor Manufacturing Equipment:** tools and machines that are essential for the production of advanced semiconductor devices.
- **Gate All-Around Field-Effect Transistor (GAAFET) Technology:** technology that produces or develops high-performance computing chips that can be used in supercomputers.
- **Additive Manufacturing Items:** Equipment, components and related technology and software designed to produce metal or metal alloy components.

Several like-minded countries have already announced or implemented new national controls for export of items under their jurisdiction related to quantum computing and advanced semiconductor manufacturing. We anticipate additional countries will implement similar controls soon. This unified approach, built on a foundation of shared values and security interests, enhances the effectiveness of our controls. Continued international collaboration in advanced technologies is paramount to national security. For this reason, this IFR establishes a new **License Exception Implemented Export Controls (IEC)** so that countries may meet the terms of IEC by implementing equivalent national controls which would eliminate the need to submit license applications for those items, thereby fostering innovation opportunities among implementing countries. BIS has posted on its website [HERE](#) a table that lists IEC eligibility status for countries and items.

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Furthermore, this IFR implements certain exclusion clauses for deemed exports (i.e., the sharing or release of controlled technology or source code to a foreign person within the U.S.) and reexports to avoid disrupting the ongoing research and development of these critical and emerging technologies. BIS has also added a general license for deemed exports/reexports of certain technology/software, subject to annual reporting requirements, to provide the U.S. Government with necessary visibility and oversight for national security reasons. Additionally, there is a 60-day delayed compliance date for quantum items to certain destinations to allow for the submission of license applications and revisions to internal compliance procedures.

Additional Information:

The text of the interim final rule is available on the Federal Register’s website [HERE](#). BIS is inviting public comments, which are due 60 days after publication. Stakeholders on deemed export policy for quantum items are encouraged to submit their feedback by the deadline to ensure that the final provisions reflect broad industry and public input. Comments may be submitted to <http://www.regulations.gov>. The regulations.gov ID for this rule is: BIS-2024-0020.

BIS has worked diligently to build international relationships with like-minded countries to strengthen the effectiveness of export controls to degrade Russia’s military capabilities, as well as those of enablers such as Belarus and Iran. This 38+ country coalition is enabling BIS to drive new approaches to lower-level commodity controls on Russia and its partners, using Harmonized Systems codes to parse EAR99 items (i.e., low technology consumer goods), and conduct more coordinated outreach to other countries to more forcefully combat illegal diversion of items that fuel Russia’s unlawful war against Ukraine.

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

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Commerce Proposes Reporting Requirements for Frontier AI Developers and Compute Providers

Proposed rule would help Department of Commerce to assess defense-relevant capabilities at the frontier of AI research and development

Washington, D.C. – Today, the U.S. Department of Commerce’s Bureau of Industry and Security (BIS) released a Notice of Proposed Rulemaking outlining a new mandatory reporting requirement for the world’s leading AI developers and cloud providers.

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Today's proposed rule requires developers of the most powerful AI models and computing clusters to provide detailed reporting to the federal government. This includes reporting about developmental activities, cybersecurity measures, and outcomes from red-teaming efforts, which involve testing for dangerous capabilities like the ability to assist in cyberattacks or lower the barriers to entry for non-experts to develop chemical, biological, radiological, or nuclear weapons.

"As AI is progressing rapidly, it holds both tremendous promise and risk. This proposed rule would help us keep pace with new developments in AI technology to bolster our national defense and safeguard our national security," said Secretary of Commerce Gina M. Raimondo.

"This proposed reporting requirement would help us understand the capabilities and security of our most advanced AI systems," said Under Secretary of Commerce for Industry and Security Alan F. Estevez. "It would build on BIS's long history conducting defense industrial base surveys to inform the American government about emerging risks in the most important U.S. industries."

"This action demonstrates the U.S. government's proactive thinking about the dual-use nature of advanced AI," said Assistant Secretary of Commerce for Export Administration Thea D. Rozman Kendler. "Through this proposed reporting requirement, we are developing a system to identify capabilities emerging at the frontier of AI research."

This proposed regulatory action follows a pilot survey conducted by BIS earlier this year. The information collected through the proposed reporting requirement will be vital for ensuring these technologies meet stringent standards for safety and reliability, can withstand cyberattacks, and have limited risk of misuse by foreign adversaries or non-state actors, all of which are imperative for maintaining national defense and furthering America's technological leadership. With this proposed rule, the United States continues to foster innovation while safeguarding against potential abuses that could undermine global security and stability.

Additional Background:

This proposed rule would amend the Bureau of Industry and Security's (BIS) Industrial Base Surveys – Data Collections regulations by establishing reporting requirements for the development of advanced artificial intelligence (AI) models and computing clusters. Additional information on BIS's defense industrial base activities can be found online at [Industrial Base Assessments \(doc.gov\)](https://www.bis.gov).

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

Molecular Simulations, Supercomputing Lead to Energy-Saving Biomaterials Breakthrough

6-Sep-2024 1:05 PM EDT, by [Oak Ridge National Laboratory](#)

Credit: Credit: Andy Sproles/ ORNL, U.S. Dept. of Energy.

ORNL scientists used molecular dynamics simulations, exascale computing, lab testing and analysis to accelerate the development of an energy-saving method to produce nanocellulosic fibers. This strong, lightweight, material is ideal for 3D-printing of sustainable housing, vehicles and clean energy components.

Newswise — A team led by scientists at the Department of Energy's Oak Ridge National Laboratory identified and successfully demonstrated a new method to process a plant-based material called nanocellulose that reduced energy needs by a whopping 21%. The approach was discovered using molecular simulations run on the lab's supercomputers, followed by pilot testing and analysis.

The method, leveraging a solvent of sodium hydroxide and urea in water, can significantly lower the production cost of nanocellulosic fiber — a strong, lightweight biomaterial ideal as a composite for 3D-printing structures such as sustainable housing and vehicle assemblies. The findings support the development of a circular bioeconomy in which renewable, biodegradable materials replace petroleum-based resources, decarbonizing the economy and reducing waste.

Colleagues at ORNL, the University of Tennessee, Knoxville, and the University of Maine's Process Development Center collaborated on the project that targets a more efficient method of producing a highly desirable material. Nanocellulose is a form of the natural polymer cellulose found in plant cell walls that is up to eight times stronger than steel.

The scientists pursued more efficient fibrillation: the process of separating cellulose into nanofibrils, traditionally an energy-intensive, high-pressure mechanical procedure occurring in an aqueous pulp suspension. The researchers tested eight candidate solvents to determine which would function as a better pretreatment for cellulose. They used computer models that mimic the behavior of atoms and molecules in the solvents and cellulose as they move and interact. The approach simulated about 0.6 million atoms, giving scientists an understanding of the complex process without the need for initial, time-consuming physical work in the lab.

The simulations developed by researchers with the UT-ORNL [Center for Molecular Biophysics](#), or CMB, and the Chemical Sciences Division at ORNL were run on the Frontier [exascale computing](#) system — the world's fastest supercomputer for open science. Frontier is part of the [Oak Ridge Leadership Computing Facility](#), a DOE Office of Science user facility at ORNL.

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“These simulations, looking at every single atom and the forces between them, provide detailed insight into not just whether a process works, but exactly why it works,” said project lead Jeremy Smith, director of the CMB and a [UT-ORNL Governor’s Chair](#).

Once the best candidate was identified, the scientists followed up with pilot-scale experiments that confirmed the solvent pretreatment resulted in an energy savings of 21% compared to using water alone, as [described in the Proceedings of the National Academy of Sciences](#).

With the winning solvent, researchers estimated electricity savings potential of about 777 kilowatt hours per metric ton of cellulose nanofibrils, or CNF, which is roughly the equivalent to the amount needed to power a house for a month. Testing of the resulting fibers at the [Center for Nanophase Materials Science](#), a DOE Office of Science user facility at ORNL, and U-Maine found similar mechanical strength and other desirable characteristics compared with conventionally produced CNF.

“We targeted the separation and drying process since it is the most energy-intensive stage in creating nanocellulosic fiber,” said Monojoy Goswami of ORNL’s Carbon and Composites group. “Using these molecular dynamics simulations and our high-performance computing at Frontier, we were able to accomplish quickly what might have taken us years in trial-and-error experiments.”

The right mix of materials, manufacturing

“When we combine our computational, materials science and manufacturing expertise and [nanoscience](#) tools at ORNL with the knowledge of forestry products at the University of Maine, we can take some of the guessing game out of science and develop more targeted solutions for experimentation,” said Soydan Ozcan, lead for the Sustainable Manufacturing Technologies group at ORNL.

The project is supported by both the DOE Office of Energy Efficiency and Renewable Energy’s Advanced Materials and Manufacturing Technologies Office, or AMMTO, and by the partnership of ORNL and U-Maine known as the [Hub & Spoke Sustainable Materials & Manufacturing Alliance for Renewable Technologies Program](#), or SM2ART.

The SM2ART program focuses on developing an infrastructure-scale factory of the future, where sustainable, carbon-storing biomaterials are used to build everything from houses, ships and automobiles to clean energy infrastructure such as wind turbine components, Ozcan said.

“Creating strong, affordable, carbon-neutral materials for 3D printers gives us an edge to solve issues like the housing shortage,” Smith said.

It typically takes about six months to build a house using conventional methods. But with the right mix of materials and additive manufacturing, producing and assembling sustainable, modular housing components could take just a day or two, the scientists added.

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The team continues to pursue additional pathways for more cost-effective nanocellulose production, including new drying processes. Follow-on research is expected to use simulations to also predict the best combination of nanocellulose and other polymers to create fiber-reinforced composites for advanced manufacturing systems such as the ones being developed and refined at DOE’s [Manufacturing Demonstration Facility](#), or MDF, at ORNL. The MDF, supported by AMMTO, is a nationwide consortium of collaborators working with ORNL to innovate, inspire and catalyze the transformation of U.S. manufacturing.

Other scientists on the solvents project include Shih-Hsien Liu, Shalini Rukmani, Mohan Mood, Yan Yu and Derya Vural with the UT-ORNL Center for Molecular Biophysics; Katie Copenhaver, Meghan Lamm, Kai Li and Jihua Chen of ORNL; Donna Johnson of the University of Maine, Nicholas Smith of the University of Tennessee, Loukas Petridis, currently at Schrödinger and Samarthyha Bhagia, currently at PlantSwitch.

UT-Battelle manages ORNL for DOE’s Office of Science, the single largest supporter of basic research in the physical sciences in the United States. The Office of Science is working to address some of the most pressing challenges of our time. For more information, please visit [energy.gov/science](#).

THE HAGUE, Netherlands (AP) — The Dutch government is expanding export restrictions on equipment used to make advanced processor chips that can be integrated into weapons systems, a Cabinet minister announced Friday, citing security risks.

Dutch company ASML, one of the world's leading makers of chip machines, already faced export restrictions on other machines ahead of the announcement. The measures are seen as part of a U.S. policy that aims at restricting China’s access to materials used to make chips, which can be used in military technology.

The new measure means the company will have to apply for government authorization whenever it wants to export deep ultraviolet lithography equipment to buyers outside the European Union, Minister for Foreign Trade and Development Reinette Klever said in a statement.

Further Sanctions to Degrade Russia’s Ability to Operationalize the Arctic LNG 2 Project **Press Statement**

September 5, 2024

In response to Russia’s continued war of aggression against Ukraine, the United States is imposing further costs on those supporting Russia’s war effort and attempting to expand Russia’s global energy leverage.

In today’s actions, the Department of State is targeting two entities and two vessels connected to attempts to export liquefied natural gas (LNG) from the U.S.-sanctioned Arctic LNG 2 project. The Department is sanctioning Gotik Energy Shipping Co (Gotik) and Plio Energy Cargo Shipping OPC PVT LTD (Plio Energy). Gotik and Plio Energy are the registered owner and commercial manager, respectively, of the LNG carrier (LNG/C) New Energy. LNG/C New Energy used deceptive shipping practices, including shutting off its automatic identification system, to load cargo from the U.S.-sanctioned Arctic LNG 2 project via a ship-to-ship transfer on August 25, 2024, with LNG/C Pioneer, a vessel blocked by the United States on August 23, 2024. We are also identifying one additional vessel managed and operated by Plio Energy, LNG/C Mulan, as property in which Plio Energy has an interest.

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The U.S. government will continue to answer attempts to operationalize the sanctioned Arctic LNG 2 project or otherwise expand Russia's energy capabilities with a swift response. Working alongside our G7 partners and other allies, we will remain steadfast in countering Russia's exploitation of its energy resources for political gain.

Gotik and Plio Energy are being designated pursuant to Section 1(a)(vi)(B) of E.O. 14024, as amended, for having materially assisted, sponsored, or provided financial, material, or technological support for, or goods or services to or in support of, Limited Liability Company Arctic LNG 2, a person whose property and interests in property are blocked pursuant to E.O. 14024. New Energy (IMO 9324277) is being identified as property in which Gotik has an interest, and Mulan (IMO 9864837) is being identified as property in which Plio Energy has an interest.

Treasury Designates Actors Facilitating Iran's Transfer of Lethal Aid to Russia

United States and Partners Respond to Iran's Escalatory Decision to Provide Ballistic Missiles to Russia for its War Effort

WASHINGTON — Today, in response to Iran's ongoing military support, including the recent delivery of ballistic missiles, to Russia for its war of aggression against Ukraine, the U.S. Department of the Treasury's Office of Foreign Assets Control (OFAC) is designating ten individuals and six entities based in Iran and Russia and identifying four vessels as blocked property that are enabling Iran's delivery of weapons components and weapons systems, including unmanned aerial vehicles (UAVs) and close-range ballistic missiles (CRBMs), to Russia. In late 2023, Iran and Russia signed a contract for the supply of hundreds of missiles. In the summer of 2024, Russian military personnel were trained on the use of Iran's Project 360 CBRMs by Iranian personnel, and as of early September 2024, Russia received the first shipment of these CBRMs from Iran.

Concurrent with this action, international partners are announcing measures which will not allow Iran Air to operate in their territory in the future and are pursuing further designations of Iran- and Russia-based individuals, entities, and vessels involved in the transfer of Iranian lethal aid to Russia. The Department of State is concurrently designating three entities, including Iran Air, and identifying five vessels as blocked property involved in the proliferation of Iranian weapons systems to Russia.

"Today, the United States and our allies are taking concerted action in response to Iran's reckless decision to proliferate ballistic missiles to Russia for use in its war of aggression against Ukraine, despite the censure from the international community in response to Iran's provision of one-way attack UAVs to Russia, and the ample evidence of the destruction of civilian infrastructure caused by Russia's use of such UAVs," said Deputy Secretary of the Treasury Wally Adeyemo. "Iran has opted to intensify its involvement in Russia's illegal war, and the United States, along with our partners, will continue to stand with Ukraine."

Treasury's action today is being taken pursuant to the counterterrorism authority, Executive Order (E.O.) 13224, as amended; the WMD counterproliferation authority, E.O. 13382; and E.O. 14024, which targets Russia's harmful foreign activities.

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IRAN AIR

Tehran-based **Iran Air** is Iran's flagship airline and operates both passenger and cargo flights. Iran Air has a history of transporting goods on behalf of Iran's Islamic Revolutionary Guard Corps (IRGC) and **Ministry of Defense and Armed Forces Logistics (MODAFL)**. Iran has also provided freight shipping services to Russia, including shipments of electronics and aircraft parts.

Iran Air was previously identified as meeting the definition of Government of Iran pursuant to Executive Order (E.O.) 13599 on November 5, 2018, for being owned or controlled by the Government of Iran. Concurrently, Treasury also identified 67 Iran Air-operated aircraft as blocked property on the Specially Designated Nationals and Blocked Persons List (SDN List).

Today, Iran Air is being designated pursuant to E.O. 14024 for operating or having operated in the transportation sector of the Russian Federation economy. The Department of State is concurrently designating Iran Air pursuant to E.O. 13949, the Iran conventional arms authority, for materially contributing to the transfer, directly or indirectly, to or from Iran, or for the use in or benefit of Iran, of arms or related materiel, including spare parts.

IRGC and MODAFL OFFICIALS

Russia-based **Ruhollah Katebi** (Katebi) is the Russian government's point of contact for Iran's MODAFL in Moscow. In this capacity as a MODAFL official, Katebi has contributed to Russia's preparations to take receipt of MODAFL's Fath-360 CRBMs. On October 25, 2007, the Department of State designated MODAFL pursuant to E.O. 13382 for having engaged, or attempted to engage, in activities or transactions that have materially contributed to, or pose a risk of materially contributing to, the proliferation of weapons of mass destruction or their means of delivery.

Iran-based **Ebrahim Bahrami** (Bahrami) is an employee of Shahid Kharrazi Industries, a subordinate organization of Iran's Shahid Bakeri Industrial Group (SBIG), and has been a point of contact in Iran for the Russian government and the training of Russian military personnel in Iran. On January 4, 2018, the Department of the Treasury designated Shahid Kharrazi Industries pursuant to E.O. 13382 for being owned or controlled by, directly or indirectly, SBIG, which the President included in the Annex to E.O. 13382 on June 28, 2005.

Iran-based **Ali Ja'farabadi** (Ja'farabadi) is the Commander of the IRGC Air Force's Salman Farsi Space Command. As commander of the IRGC Air Force's Salman Farsi Space Command, Ja'farabadi has overseen satellite launches in Iran. On June 16, 2010, the Department of the Treasury designated the IRGC Air Force pursuant to E.O. 13382.

Katebi is being designated pursuant to E.O. 13382 for acting or purporting to act for or on behalf of, directly or indirectly, MODAFL. Bahrami is being designated pursuant to E.O. 13382 for acting or purporting to act for or on behalf of, directly or indirectly, Shahid Kharrazi Industries. Ja'farabadi is being designated pursuant to E.O. 13382 for acting or purporting to act for or on behalf of, directly or indirectly, the IRGC Air Force.

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TRANSMORFLOT UPDATE AND MG-FLOT VESSELS

On May 8, 2022, the Department of State designated Russia-based TransMorFlot LLC for operating or having operated in the marine sector of the Russian Federation economy. At the time of designation, vessels owned and managed by TransMorFlot LLC transported weapons for the Russian government. Concurrently, the Department of State identified Russia-flagged ETIM EMIN (IMO: 8700010) as property in which TransMorFlot LLC has an interest. On June 27, 2022, TransMorFlot LLC changed its name to MG-FLOT Limited Liability Company (MG-FLOT). In July 2022, MG-FLOT renamed the ETIM EMIN to the SAFPIR. This vessel regularly transits the Caspian Sea, bringing cargo between Iran and Russia. OFAC is updating TransMorFlot LLC and ETIM EMIN's entries on the SDN List to include their new primary names, as well as updating other identifying information.

Dzhamaldin Emirmagomedovich Pashaev (Pashaev) owns or controls a network of Russian shipping companies that operate in Olya Port, Russia. Pashaev's enterprises have been involved in Russian military exports since 2021, and have completed over 200 agreements related to the maritime transport of military goods around the world. Pashaev and his companies have been integral to the ongoing transfer of lethal aid to U.S.-designated Russian Joint Stock Company Special Economic Zone of Industrial Production Alabuga (SEZ Alabuga), which has been one of the primary assembly plants of UAVs for the Russian Ministry of Defense, with support from Iran. Pashaev is the current chairman of the board of MG-FLOT.

Russia-flagged **BORIS KUSTODIEV** (IMO: 9103817), **PORT OLYA-3** (IMO: 9481910), **PORT OLYA-4** (IMO: 9481934), and **KOMPOZITOR RAKHMANINOV** (IMO: 8606616) are vessels that are owned and operated by MG-FLOT. The BORIS KUSTODIEV, PORT OLYA-3, PORT OLYA-4, and KOMPOZITOR RAKHMANINOV regularly transit the Caspian Sea, bringing cargo between Iran and Russia. The Russian Ministry of Defense used the vessel PORT OLYA-3 to transport CRBMs from Iran to Russia.

Today, Pashaev is being designated for operating or having operated in the defense or related materiel sector of the Russian Federation economy. BORIS KUSTODIEV, PORT OLYA-3, PORT OLYA-4, and KOMPOZITOR RAKHMANINOV are being identified pursuant to E.O. 14024 as property in which MG-FLOT, a person whose property and interests in property are blocked pursuant to E.O. 14024, has an interest.

AZADEGAN TRANSPORTATION COMPANY NETWORK

Iran-based **Azadegan Transportation Company** is an IRGC-affiliated company critical to the logistics operations of the IRGC. As of 2018, Azadegan Transportation Company was part of the portfolio of companies owned, controlled, or directed by U.S.-designated Bonyad Taavon Sepah, also known as the IRGC Cooperative Foundation. Azadegan Transportation Company conducts ground cargo transportation operations for the IRGC, including the transportation of lethal aid in the Middle East and providing logistical services related to ammunition for IRGC facilities.

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Iran-based **Amad Behineh Saz Engineering Company** (Amad Behineh Saz), **Sanjesh Gostar Dana Engineering and Quality Control Inspection Company** (Sanjesh Gostar Dana), and **Talieh Sabz Jehan Group Company** (Talieh Sabz Jehan) are legal entities that are members of the board of directors of Azadegan Transportation Company. Amad Behineh Saz is an IRGC-affiliated company responsible for the design and production of mechanical and electronic parts and is represented on Azadegan Transportation Company's board by **Ali Zare** (Zare), who also acts as the Chairperson of the Board of Directors of Azadegan Transportation Company. Sanjesh Gostar Dana is an IRGC-affiliated company responsible for quality inspection and supervision, and is represented on Azadegan Transportation Company's board by **Gholamreza Eini Sarkalleh** (Sarkalleh), who also acts as the Vice Chairperson of the Board of Directors of Azadegan Transportation Company. Talieh Sabz Jehan is an IRGC-affiliated company responsible for providing design and project management guidance, and is represented on Azadegan Transportation Company's board by **Masoud Noorahmadi** (Noorahmadi), who also acts as the Managing Director of Azadegan Transportation Company.

Azadegan Transportation Company is being designated pursuant to E.O. 13224, as amended, for being owned, controlled, or directed by, directly or indirectly, the IRGC. Amad Behineh Saz and Talieh Sabz Jehan are being designated pursuant to E.O. 13224, as amended, for being owned, controlled, or directed by, or having acted or purported to act for or on behalf of, directly or indirectly, Azadegan Transportation Company. Zare, Sarkalleh, and Noorahmadi are being designated pursuant to E.O. 13224, as amended, for having acted or purported to act for or on behalf of, directly or indirectly, Azadegan Transportation Company. Sanjesh Gostar Dana is being designated pursuant to E.O. 13224, as amended, for having materially assisted, sponsored, or providing financial, materiel or technological support for, or goods or services to or in support of, the IRGC.

FARZANEGAN PROPULSION SYSTEMS DESIGN BUREAU AND COMPANY OFFICIALS

Iran-based **Farzanegan Propulsion Systems Design Bureau** (Farzanegan) has supplied Russian weapons makers with samples of Farzanegan's engines in support of Russian cruise missile development. Farzanegan manufactures numerous types of engines, including turbojet engines, and claims to have designed Iran's first ramjet engine. Farzanegan has long been involved in the development of engine technology for Iranian defense research entities, and Farzanegan's engines have been presented in person to Iran's Supreme Leader, Ayatollah Ali Khamenei.

Hossein Pourfarzaneh, **Zahra Pourfarzaneh**, and **Hassan Pourfarzaneh** are leaders or officials of Farzanegan, with Hossein Pourfarzaneh taking a public-facing and highly publicized role as the lead engineer at Farzanegan.

Farzanegan is being designated pursuant to E.O. 14024 for operating or having operated in the defense and related materiel sector of the Russian Federation economy. Hossein Pourfarzaneh, Zahra Pourfarzaneh, and Hassan Pourfarzaneh are being designated pursuant to E.O. 14024 for being or having been a leader, official, senior executive officer, or member of the board of directors of Farzanegan.

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SANCTIONS IMPLICATIONS

As a result of today's action, all property and interests in property of the persons 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, 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 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. Non-U.S. persons are also prohibited from causing or conspiring to cause U.S. persons to wittingly or unwittingly violate U.S. sanctions, as well as from engaging 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.

In addition, 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. Furthermore, any foreign financial institution that knowingly facilitates a significant transaction or provides significant financial services for any of the or entities designated today could be subject to U.S. sanctions. For additional guidance specific to E.O. 14024, as amended, please see the [updated OFAC advisory](#), "Updated Guidance for Foreign Financial Institutions on OFAC Sanctions Authorities Targeting Support to Russia's Military-Industrial Base," as well as OFAC Frequently Asked Questions (FAQs) [1146-1157](#). For additional guidance specific to Iran authorities, please refer to OFAC's [Iran Sanctions](#).

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](#). Any persons included on the SDN List pursuant to E.O. 14024 may be subject to additional export restrictions administered by the Department of Commerce, Bureau of Industry and Security (BIS).

[For identifying information on the individuals and entities sanctioned today, click here.](#)

FOR IMMEDIATE RELEASE

Tuesday, September 10, 2024

Media Contact:

Office of Public Affairs, publicaffairs@doc.gov

U.S. Department of Commerce Holds Inaugural Supply Chain Summit

Department unveils first-of-its kind diagnostic supply chain risk assessment tool as Secretary Raimondo and Deputy Secretary Graves highlight how the Commerce Department is working to make America's supply chains more resilient.

WASHINGTON – Today, the U.S. Department of Commerce, in collaboration with the Council on Foreign Relations (CFR), hosted the inaugural Supply Chain Summit. Bringing together leaders from government, industry, academia, and civil society, the Summit highlighted the work of the Biden-Harris Administration and industry to shift from reacting to global supply chain disruptions to proactively strengthening supply chain resilience.

"The Biden-Harris Administration knows securing American supply chains is vital to protecting our national security and enhancing our economic competitiveness," **said U.S. Secretary of Commerce Gina Raimondo**. "By working with industry and taking an analytical, proactive approach, we are working to prevent the kind of supply chain failures that drove up costs for Americans during the pandemic and to create new economic opportunities for communities across the nation."

"The actions we're taking at the Commerce Department to secure our supply chains are possible because of the work we've done since day one to leverage our innovative expertise and capabilities to put risk assessment and resiliency at the forefront of our commercial engagement," **said Deputy Secretary of Commerce Don Graves**. "We remember the dark days of COVID and what it felt like when medical devices, PPE, critical technologies, and everyday household appliances were out of reach. That's why mitigating the impact was step one and turning reactive policies into proactive policies became our second chapter, which is precisely what was on display at the Supply Chain Summit."

At the Summit, as part of the Biden-Harris Administration's ongoing commitment to strengthening supply chains, the Department of Commerce's Supply Chain Center unveiled a first-of-its kind diagnostic supply chain risk assessment tool—known as SCALE—which utilizes a comprehensive set of indicators to assess structural supply chain risk across the U.S. economy. The SCALE tool, coupled with the Industry and Analysis business unit's deep industry expertise, will enable the U.S. Government to be more proactive and strategic in addressing supply chain risk. The tool compares risks across industries and provides an in-depth assessment of what is driving those risks. SCALE will help inform U.S. government decision-making, and can facilitate data-driven conversations with industry on risks, opportunities, and actions that can advance supply chain resilience.

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“To be proactive, we need the right insights and ideas, and we need to make data more actionable,” said **Assistant Secretary of Commerce for Industry and Analysis Grant Harris**. “SCALE is a first-of-its-kind analytics tool because it revolutionizes our ability to understand systemic supply chain vulnerabilities that pose risks to U.S. economic and national security.”

The Summit featured notable speakers including, Secretary Raimondo, Deputy Secretary of Commerce Don Graves, Deputy Secretary of Energy David Turk, Deputy National Security Advisor Anne Neuberger, Deputy National Security Advisor Daleep Singh, Assistant Secretary of Commerce for Industry & Analysis Grant Harris, and Ambassador Michael Froman. These and other leaders addressed the critical role supply chain resilience plays in U.S. economic and national security, and the role of public-private cooperation in driving these efforts forward.

To further bolster global supply chain resilience, the U.S. Department of Commerce also announced seven new strategic partnerships with key stakeholders across industry and academia. These partnerships will help the Department promote the global competitiveness of U.S. industry, help businesses become more resilient, and make its supply chain work all the more innovative and impactful. The International Trade Administration also announced a competitive process to develop new data or analysis that can be used to expand the indicators of risk incorporated into the SCALE tool.

The Department of Commerce is committed to advancing the outcomes of the 2024 Supply Chain Summit. The Supply Chain Center and our Industry & Analysis team will continue to work closely with industry leaders, small businesses, and international partners to build more resilient, sustainable, and diverse supply chains.

For more information about the key outcomes of the 2024 Supply Chain Summit, please review the policy actions outlined in the [Supply Chain Resilience Fact Sheet](#).

New Iran and Russia Sanctions Designations

09/10/2024 12:40 PM EDT

Office of the Spokesperson

The Department of State is taking action today to constrain further Iran’s destabilizing activities, including its transfer of ballistic missiles to Russia, a serious escalation in its support for Russia’s illegal war against Ukraine. The expanding military partnership between Iran and Russia threatens European security and illustrates how Iran’s destabilizing influence reaches beyond the Middle East to undermine security around the world. The United States will continue to use all tools at our disposal to disrupt and counter Iran’s weapons exports, with particular attention to transfers that support Russia’s war against Ukraine. Today’s sanctions actions build on previous Department of State designations of entities and individuals facilitating Iran-Russia cooperation, including in [February 2024](#), [October 2023](#), [May 2023](#), [December 2022](#).

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The Department is designating **IRAN AIR** pursuant to section 1(a)(i) of Executive Order (E.O.) 13949 for materially contributing 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, including spare parts.

- Iranian proliferators use **IRAN AIR** to facilitate procurement of sensitive western-origin goods on behalf of Islamic Revolutionary Guards Corps (IRGC) and its expeditionary Qods Force (QF) through direct Europe to Iran routes.
- **IRAN AIR** has transported on numerous occasions proliferation –sensitive materiel to the IRGC QF unmanned aerial vehicles (UAV) program.
- **IRAN AIR** constitutes a key element of Iran’s illicit proliferation network enabling Iran’s acquisition of sensitive-western origin dual-use materials for use in the development of UAVs, some of which are provided to Russia for use in Ukraine.

The Department is designating two Russia-based shipping companies pursuant to section 1(a)(i) of E.O. 14024 for operating or having operated in the marine sector of the Russian Federation economy:

- **VAVA WHOLESAL LTD** owns vessels that have transported Iranian UAV-related equipment from Iran to Russia via the Caspian Sea.

The following two vessels are being identified as property in which **VAVA WHOLESAL LTD** has an interest:

- **VAVA** (IMO 8422670).
- **VAVA-1** (IMO 8422682).
- **SEA RIVER SERVICE LIMITED LIABILITY COMPANY** owns vessels that have transported munitions from Iran to Russia via the Caspian Sea for use against Ukraine.

The following three vessels are being identified as property in which **SEA RIVER SERVICE LIMITED LIABILITY COMPANY** has an interest:

OMSKIY-103 (IMO 8889385). As additional information, OMSKIY-103 transported munitions from Iran to Russia via the Caspian Sea in February 2024.

OMSKIY-119 (IMO 8926913).

ZAKAMSK (IMO 8951413).

Sanctions Implications

As a result of today’s action, and in accordance with E.O. 14114, all property and interests in property of the designated persons described above that are in the United States or in possession or control of U.S. persons are blocked and must be reported to the Department of the 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. Additionally, the entry of designated individuals into the United States is suspended pursuant to Presidential Proclamation 8693.

Petitions for removal from the Specially Designated Nationals (SDN) List may be sent to: OFAC.Reconsideration@treasury.gov. Petitioners may also refer to the Department of State’s Delisting Guidance page.

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;

Evolutions in Business and the companies we serve, armed with robust compliance to the Export Administration Regulations, will adhere to best practices to protect our revenue and yours, and ensure the national security interests of the United States.

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