

Vol. 37, No. 1

January 2, 2017

Obama Responds to Russian Election Hacking

In just the latest addition to Russian sanctions, President Obama authorized a number of actions Dec. 29 in response to Russia's interference with the U.S. presidential election. For one, Obama amended Executive Order 13964, which allows for the government to respond to cyber threats, to sanction nine entities and individuals: two Russian intelligence services; four officers of the GRU, Russia's largest foreign intelligence agency; and three companies that support the GRU's cyber operations.

Treasury's Office of Foreign Assets Control (OFAC) followed up by designating two Russians for engaging in "significant malicious cyber-enabled misappropriation of financial information for private financial gain." These are not the whole of the administration's response, the president said.

The previous week, OFAC added 15 unrelated entities to its Specially Designated Nationals (SDN) list to target sanctions evasion and activities related to the conflict in Ukraine. OFAC also published General License No. 11 Dec. 19, which authorizes certain transactions that are necessary to requesting, contracting for, paying for, receiving or utilizing a project design review or permit from FAU Glavgosekspertiza Rossii's office(s). In addition, OFAC identified 26 subsidiaries that are owned 50% or more by previously sanctioned Russian companies.

Bureau of Industry and Security (BIS) Dec. 27 added 23 individuals in Russia and Ukraine to its Entity List. In that same rule, BIS clarified that it will review license applications to export or reexport to Russia certain items under a presumption of denial, "if the items proposed for export or reexport would make a direct and significant contribution to Russia's military capabilities," BIS said.

Brazilian Firms Pay Largest Foreign Bribery Settlement

In what sounds like the plot of a James Bond movie, Brazilian construction conglomerate Odebrecht S.A., and Braskem S.A., a Brazilian petrochemical company, agreed Dec. 21 to

© Copyright 2017 Gilston-Kalin Communications LLC.
P.O. Box 5325, Rockville, MD 20848-5325.
All rights reserved. Reproduction, photocopying or
redistribution in any form, including electronic, without
written approval of publisher is prohibited by law.

WTTL is published weekly 50 times a year except last week
in August and December. Subscriptions are \$697 a year.
Additional users pay only \$100 each with full-priced sub-
scription. Site and corporate licenses are also available.
Phone: 301-460-3060 Fax 301-460-3086

pay a combined penalty of at least \$3.5 billion to settle charges with U.S., Brazilian and Swiss authorities related to schemes to pay hundreds of millions of dollars in bribes to government officials.

At issue is Odebrecht's "Division of Structured Operations," which was "created to allow Odebrecht to make unrecorded payments, many of which took the form of bribes to government officials in Brazil and abroad," according to the information filed in Brooklyn U.S. District Court. The two companies pleaded guilty in Brooklyn court to conspiracy to violate the Foreign Corrupt Practices Act (FCPA).

Between 2001 and 2016, Odebrecht paid approximately \$788 million in bribes in association with more than 100 projects in 12 countries, including Angola, Argentina, Brazil, Colombia, Dominican Republic, Ecuador, Guatemala, Mexico, Mozambique, Panama, Peru and Venezuela, the information noted.

"To conceal its activities the Division of Structured Operations utilized an entirely separate and off-book communications system called 'Drousys,' which allowed members of the Division of Structured Operations to communicate with one another and with outside financial operators and other co-conspirators about the bribes through the use of secure emails and instant messages, utilizing codenames and passwords," it added.

Braskem will pay total criminal and regulatory penalties of approximately \$957 million, of which U.S. authorities, including the Securities and Exchange Commission (SEC) and Justice, will get 15% or \$94.8 million. The combined total penalties imposed against Odebrecht will be at least \$2.6 billion and up to \$4.5 billion.

"The bribery scheme used a complex network of offshore shell companies, bank accounts located in traditional tax havens, individual currency dealers, and off-book financial accounts in order to make improper payments to government officials, political parties, and improper political campaigns contributions in Brazil," the SEC order against Braskem noted. Between approximately 2006 and 2014, Braskem diverted approximately \$250 million into the Odebrecht off-book accounts, it added.

"The invoices these shell companies delivered to Braskem typically identified the amount due as 'commissions on the amount FOB exports to your various customers...' during a certain period of time. The invoices further referred to an export agency agreement. However, no export services were required for the customers or products involved in these dealings," the SEC said.

"Odebrecht is grateful for the opportunity to put this painful episode behind it. The group and its Team members will not forget the lessons learned through this experience, which will serve as constant reminders of what is expected as it works to earn back the public's trust," the company said in a statement. The company issued an apology three weeks prior to the settlement, acknowledging acknowledges "its participation in illicit actions in its business activities."

"We have reached the end of this long and detailed process of independent investigation

and negotiations with the authorities,” Braskem CEO Fernando Musa said in a separate statement. “We have overcome this phase and now we will concentrate our focus on the future. We are implementing more robust practices, policies and processes across the organization to enhance our governance and compliance system,” he said.

Alibaba Group’s Taobao Added to Notorious Markets List

Taobao, the Chinese equivalent of eBay, was added to the U.S. Trade Representative’s (USTR) Notorious Markets List unveiled Dec. 21. The website, owned by the juggernaut Alibaba Group, had previously been listed in 2011 and then delisted in 2012 after efforts to cut down on counterfeit goods trafficked through the website.

In a phone call with reporters the day of the report’s release, a USTR official acknowledged that Alibaba had taken steps to correct the situation, but that intellectual property infringement taking place on Taobao’s platform continues to be “unacceptably high.”

“The 2016 List underscores the need for accountable governments everywhere to take on these forms of piracy and counterfeiting at every stage of the global supply chain to prevent final products that put health and safety of end-consumers at risk,” USTR Michael Froman said in a statement. Being added to the list does not carry direct penalties, but could hurt Alibaba’s attempts to grow its global market share. In addition to Taobao, USTR listed 20 online and 12 physical markets.

No country has a monopoly on the existence of these markets. While many of the identified physical markets are in China, others exist in Argentina, Nigeria, Paraguay, Brazil, Indonesia, India, Mexico, Thailand and Vietnam. The identified online sites also are spread around the world, including in China, Panama, Switzerland, Vietnam, Russia and Ukraine.

Alibaba Group was “very disappointed” with the decision to list Taobao and questioned whether USTR “acted based on the actual facts or was influenced by the current political climate. Nevertheless, the decision sends the wrong message and is inconsistent with the effective collaborative approach we have taken with brands and governments around the world in our fight against counterfeiting,” it said in a statement.

Meanwhile, U.S. industries cheered the designation. “Today’s action shines a renewed spotlight on the considerable concerns we and others continue to see on Alibaba platforms,” said Rick Helfenbein, president and CEO of the American Apparel & Footwear Association (AAFA). The association provided evidence of counterfeits proliferating on Alibaba’s platforms during USTR’s public hearing in October (see **WTTL**, Oct. 17, page 5).

“According to the latest statistics from the OECD [Organization for Economic Cooperation and Development] and the U.S. Chamber’s own global counterfeiting report, the counterfeit good trade has almost doubled in value since 2008, accounting for an estimated \$461 billion annually. These numbers represent a very real threat to legitimate businesses,

millions of jobs, and the safety and security of billions of consumers around the globe,” said David Hirschmann, president & CEO of the U.S. Chamber of Commerce’s Global Intellectual Property Center.

“Identifying the sources of the problem is half the battle; USTR’s report provides valuable intel governments can use to address these issues in a coordinated manner. The business community stands ready to work with partners around the world to tackle these challenges that threaten the safety, validity, and access of global markets,” Hirschmann added.

Taobao was not the sole focus of the report. The USTR report also targeted stream ripping, a form of digital copyright infringement, much to the chagrin of the Electronic Frontier Foundation (EFF). EFF’s Senior Global Policy Analyst Jeremy Malcolm argued in a blog post that USTR abuses the Notorious Markets List by condemning “lawful technologies and businesses, including ones that U.S. law actually protects and encourages.”

Israeli Pharma Firm Pays \$519 Million to Settle FCPA Charges

Israeli firm Teva Pharmaceutical Industries, the world’s largest generic drug manufacturer, and its wholly owned Russian subsidiary, Teva LLC (Teva Russia), agreed Dec. 22 to pay \$519 million to settle parallel civil and criminal charges that it violated the Foreign Corrupt Practices Act (FCPA) by paying bribes to foreign government officials in Russia, Ukraine and Mexico.

This has become a recent pattern in the pharmaceutical industry. United Kingdom (UK)-based GlaxoSmithKline plc agreed in September to pay a \$20 million civil penalty to settle FCPA charges when its China-based subsidiaries engaged in pay-to-prescribe schemes to increase sales (see **WTTL**, Oct. 3, page 1). Competitors Astra Zeneca and Novartis also have settled similar charges.

Under the settlement, Teva agreed to pay more than \$236 million in disgorgement and interest to the Securities and Exchange Commission (SEC) plus a \$283 million criminal penalty under a deferred prosecution agreement (DPA) with Justice. Teva Russia agreed to plead guilty in Miami U.S. District Court to conspiring to violate the FCPA. Teva must retain an independent corporate monitor for at least three years.

“These illegal payments were made to influence regulatory and formulary approvals, drug purchase decisions, prescription decisions, and to increase Teva’s market share and develop competitive advantages over competitors. Teva realized more than \$214,596,170 in profits from business obtained through the use of illegal payments,” the SEC noted.

“These illegal payments were authorized by senior executives at Teva while knowing of or recklessly ignoring red flags which indicated a high probability that such payments were intended for, or would be paid to, foreign government officials,” it added. For example, from at least May 2002 through March 2011, “Teva agreed to pay, and did pay, a then-

prominent Ukrainian government official more than \$200,000, and paid for his vacations to Israel on at least five occasions, in exchange for his improper political influence in the process of registering and promoting various Teva drugs in Ukraine,” the SEC said.

“While the conduct that resulted in this investigation ended several years ago, it is both regrettable and unacceptable, and we are pleased to finally put this matter behind us,” Teva’s President and CEO Erez Vigodman said in a statement. “Since becoming CEO, I have worked diligently to make our culture of compliance central to everything Teva does. The compliance program that Teva has in place is serious, rigorous, and comprehensive and is designed to protect the company and its subsidiaries against future violations.” Vigodman became CEO in February 2014.

USTR, USDA Announce “Slam Dunk” Victory at WTO

A World Trade Organization (WTO) panel found in favor of the U.S. and New Zealand in their disputes with Indonesia’s import measures affecting horticulture, animals and animal products. The panel found all 18 measures the U.S. and New Zealand raised are prohibited under the General Agreement on Tariffs and Trade (GATT).

The two countries claimed that Indonesian measures amounted to quantitative import restrictions prohibited by Articles XI:1 and 4.2 of the GATT, as well as Article III:4 and Article 3.2 of the Import Licensing Agreement. Indonesia countered that the measures were intended to protect halal -- food that meets Muslim dietary standards -- as a public moral and were permissible under Article XX of the GATT.

The panel rejected Indonesia’s defense, writing that though halal qualified as a public moral under Article XX(a) of the GATT, the Indonesian measures were not designed to protect halal and so did not qualify for exemption. U.S. and New Zealand began the dispute proceedings in May 2014 (see **WTTL**, May 12, 2014, page 8). Consultations were held in June 2014 and, having failed to reach an agreement, a single panel was formed in May 2015. The parties involved have 60 days to appeal the panel’s findings.

“This is a slam dunk for American agriculture,” Agriculture Secretary Tom Vilsack said in a statement. “Since 2012, Indonesia has maintained an untenable import licensing program, harming the ability of U.S. producers to sell a wide range of American-grown products in the Indonesian market – from potatoes to beef to grapes to oranges to poultry. Importantly, the WTO Panel findings will discourage Indonesia from simply substituting new trade-distorting approaches for the measures repealed, restoring American farmers’ and ranchers’ ability to compete,” he added.

Kentucky Cable Manufacturer Settles FCPA Charges

Kentucky-based General Cable Corporation (GCC) agreed Dec. 29 to pay more than \$75 million to settle Securities and Exchange Commission (SEC) and Justice charges of

violating the Foreign Corrupt Practices Act (FCPA) by making improper payments of approximately \$19 million to foreign government officials in Angola, Thailand, China, Indonesia, Bangladesh, and Egypt between 2003 and 2015.

Under the settlement, GCC agreed to pay a \$20 million penalty under a non-prosecution agreement (NPA) with Justice and more than \$55 million in disgorgement and interest to the SEC. The payments generated illicit profits of over \$51 million on sales to state-owned enterprises (SOEs), the SEC order noted.

“GCC made these payments directly to foreign government officials, or through third-party agents or distributors, in the form of sales commissions, rebates, discounts, and other fees, who passed on payments to foreign government officials in connection with SOE business,” it added. “Some of these payments were made even though employees of GCC’s subsidiaries informed executives and employees at GCC that they suspected that payments to third parties were being used for improper purposes, including potential bribery,” the order said.

Justice noted the company’s “extensive remedial measures, including taking employment action against 13 employees who participated in the misconduct, resulting in their departure from the company, and terminating its relationships with 47 third-party agents and distributors who participated in the misconduct,” it said in a press release.

Karl Zimmer, GCC’s then-senior vice president responsible for sales in Angola, agreed to pay SEC a \$20,000 penalty without admitting or denying that he knowingly circumvented internal accounting controls and caused FCPA violations when he approved certain improper payments in 2013.

“We are pleased to have reached an agreement with the DOJ and SEC regarding these matters. General Cable is committed to conducting our business ethically and with the utmost integrity, and over the past two years, we have invested significant time and resources to implement a world-class compliance program,” GCC President and CEO Michael T. McDonnell said in a statement. “At the same time, we have transformed our business strategy under an entirely refreshed strategic leadership team committed to maintaining a strong performance and compliance culture. We are a different and better company today as a result of these actions,” he added.

“In light of the significant compliance enhancements made by the Company to date, neither the DOJ nor the SEC is requiring an independent compliance monitor. The Company has instead agreed to annual self-reporting for a period of three years,” GCC said in a statement. The company voluntarily disclosed potential FCPA concerns to Justice and SEC in January 2014, it noted.

Retaliation May Loom in U.S.-EU Beef Dispute

The European Union’s (EU) ban on U.S. beef is based upon faulty science and if the ban continues, the U.S. will reinstate tariffs on EU imports, the Obama administration

announced Dec. 22. The USTR's office will hold an interagency Special 301 Committee public hearing Feb. 15, 2017, in connection with the ban.

The World Trade Organization (WTO) ruled in 1998 that the European import ban on meat and meat products from U.S.-raised animals treated with certain hormones was not supported by scientific evidence. The WTO authorized the U.S. in 1999 to impose tariffs on EU products with a total annual trade value of \$116.8 million.

The U.S. took advantage of that permission and WTO reaffirmed the U.S. continuing right to impose tariffs in 2008. In 2009, the U.S. and EU signed a memorandum of understanding (MOU) in which the additional tariffs were lifted by the U.S. in exchange for the EU allowing the import of certain specially produced U.S. beef (see **WTTL**, May 11, 2009, page 2). The U.S. beef industry alleges that they've been prevented from gaining the benefits of the MOU in recent years, hence Obama's announcement.

Tracy Brunner, president of the National Cattlemen's Beef Association, applauded USTR Michael Froman. "Our temporary agreement with the EU was meant to be an opportunity to build a bridge of trust between U.S. beef producers and EU consumers, and to compensate the United States for the losses we have suffered as a result of the EU's hormone ban. The EU has violated the spirit of that agreement and caused U.S. beef exports to become a minority interest in a quota meant to compensate U.S. beef producers," Brunner said in a statement.

"While this is not our preferred choice, retaliation is the only way cattle producers are going to secure our rights for the losses we have incurred over the years due to the EU's hormone ban," he added.

"U.S. beef and beef product exports average \$6 billion per year, producing \$7.6 billion in annual economic activity and supporting nearly 50,000 jobs nationwide. The industry is essential to the overall strength of the nation's economy, and to rural communities seeking ways to access new customers in foreign markets," said Agriculture Secretary Tom Vilsack.

Obama Proclamation Implements Trade Preference Programs

Through the signing of a presidential proclamation Dec. 15, President Obama settled several outstanding trade issues related to the Trade Facilitation and Trade Enforcement Act of 2015. As a result, Nepal and Central African Republic, among other countries, can now take advantage of special preferences program.

For one, the Nepal Preference Program grants duty-free benefits under the Generalized System of Preferences (GSP) for ten years to certain goods not previously eligible, including certain types of carpet, headgear, shawls, scarves and travel goods. The program is meant to help Nepal's economy recover from the 2015 earthquake that devastated the country. International Trade Commission issued a report in October on the import sensitivity of some of these same products (see **WTTL**, Oct. 31, page 7).

“The legislation provides a unique opportunity for Nepali businesses to expand their exports to U.S. markets,” said U.S. Ambassador to Nepal Alaina Teplitz in a statement. “These trade preferences will provide some support, but ultimately Nepal’s broader economic development will be achieved through policy reform that incentivizes investment, an improved business environment and labor reform that supports all sectors,” Teplitz added.

The proclamation also makes the Central African Republic a beneficiary under the African Growth and Opportunity Act (AGOA). Former President George W. Bush had terminated the designation in 2003, claiming the country had not made continual progress in meeting the program’s requirements. A wide swath of goods produced in AGOA countries enters the U.S. duty-free. The proclamation also makes tariff adjustments under U.S. trade agreements with Israel, Oman, Panama and the CAFTA-DR countries (Costa Rica, El Salvador, Guatemala, Honduras, Nicaragua and Dominican Republic).

WTO Members Question U.S. Use of AD/CVD

WTO members accused the U.S. of overusing antidumping (AD) and countervailing duty (CVD) measures during the U.S. biennial trade policy review Dec. 19 and 20. In response, U.S. Ambassador to the WTO Michael Punke argued the organization’s rules allow for such remedies.

“Although trade defensive instruments are legitimate measures within the WTO framework, many members stressed, once again, that the United States was a particularly active user of antidumping and countervailing measures, that certain methodologies applied by the United States were disputed, and that the continued extension of such measures in many cases were perceived as unwarranted,” Review Chairperson Irene B.K. Young from Hong Kong reflected in her concluding remarks.

Speaking on the second day of the review, Punke vigorously defended the U.S. actions. “Injurious dumping and subsidization—and the effects that the increasing prevalence of these practices have on the trading system—is a problem we all should be concerned about. Investigating and remedying these trade-distorting practices is specifically provided for under WTO rules, and the United States has continued to exercise this right in accordance with our WTO obligations,” he said.

“To speak frankly, support in the United States for any future trade liberalization agenda will be on highly unstable ground if injurious dumping and subsidization are not met with effective and enforceable remedies, as provided for in existing agreements. Moreover, we note that increases in AD/CVD cases in recent years are far from a U.S.-only phenomenon, but a common trend among many WTO members,” Punke added. The U.S. initiated 13% of antidumping investigations from 2014-2015, which is only slightly higher than its 11% average. Punke took a not-so-subtle dig at China noting in his remarks that nearly 30% of investigations were initiated in response to trade from a “large country in Asia.”

“I echo the sentiment expressed by many members, that in the face of persistent anti-trade rhetoric, it is important that the benefits of open markets are understood and the value of our multilateral trading system appreciated. Ambassador Punke has been referring to ‘pragmatic multilateralism.’ I hope this idea will help the United States and other WTO members stay constructively engaged as we explore common interests and prepare for a fruitful outcome at the 11th Ministerial Conference,” said Young.

The U.S. received more than 1,600 written questions in advance of the review, the chairperson noted. The U.S. responded to most of them and will finish replying in the next month, marking the conclusion of the review.

Trump Appoints Greenblatt, Navarro to New Trade Posts

President-elect Donald Trump talked a tough game against China, but while some of his campaign promises have fallen by the wayside, Trump’s focus on China’s unfair trade practices, appears to be foremost on the agenda going by his latest appointments. His picks of two men to newly created trade posts and the lack of a USTR nominee beg another question.

Trump Dec. 27 named his longtime legal counsel Jason Greenblatt to the newly created position of special representative for international negotiations, which could include trade deals. That pick followed the president-elect’s announcement Dec. 21 that Peter Navarro, a vocal China critic, would serve as assistant to the president and director of trade and industrial policy. This position includes heading up a new White House National Trade Council. Navarro, author of the book “Death by China: Confronting the Dragon,” is an economics professor at UC-Irvine.

The council’s mission “will be to advise the president on innovative strategies in trade negotiations, coordinate with other agencies to assess U.S. manufacturing capabilities and the defense industrial base, and help match unemployed American workers with new opportunities in the skilled manufacturing sector,” a transition statement noted. According to that statement, Navarro worked with Commerce Secretary-designee Wilbur Ross to set Trump’s economic and trade agenda. Trump had previously announced he would give Ross even more trade authority than Commerce secretaries traditionally have (see **WTTL**, Dec. 19, page 5).

Joining them in crafting and executing that policy will be Greenblatt, who currently serves as executive VP and chief legal officer of the Trump Organization. He has worked with Trump for two decades. “Jason is one of my closest and most trusted advisers,” Trump said in a statement. “He has a history of negotiating substantial, complex transactions on my behalf, as well as the expertise to bring parties together and build consensus on difficult and sensitive topics.”

The president-elect has yet to name a USTR. While it’s not unusual for the trade rep to be among the last nomination, it clearly signals the importance (or lack thereof) of the

position. And with Ross, Greenblatt and Navarro already named as the trade go-to's, it begs the question: What will be left for USTR?

*** * * Briefs * * ***

ANTIBOYCOTT: Military Professional Resources, Inc. of Chantilly, Va., received warning letter from BIS Dec. 15 for failing to report receipt of request to engage in restrictive trade practices on two occasions in 2011 and 2014. Two letters of credit regarding sales to Kuwait included language: "Importation of goods from Israel is strictly prohibited by Kuwait Import Regulations. Therefore, Certificates of Origin covering goods originated from the said countries are not acceptable."

EXPORT ENFORCEMENT: Chinese national Jiang Guanghou Yan was sentenced Dec. 20 in New Haven U.S. District Court to time served, approximately 12 months in prison, for trafficking in counterfeit goods/services. Charges are related to scheme to obtain and illegally export sophisticated Xilinx semiconductors stolen from U.S. military. Yan pleaded guilty in March. Codefendant Xianfeng Zuo was sentenced Nov. 4 to 15 months in prison (see **WTTL**, Nov. 14, page 8). Daofu Zhang was sentenced in July to 15 months for related charges. Zhang pleaded guilty in April.

MORE EXPORT ENFORCMENT: Federal jury convicted New Zealand resident William Ali Dec. 14 in Seattle U.S. District Court on charges of conspiracy to violate Arms Export Control Act. Indictment was unsealed May 17 (see **WTTL**, May 23, page 7). Ali was found guilty of attempting to export Q-flex accelerometers and quartz sensors to China without State licenses. Items were classified under USML Category XII. Ali remains in custody awaiting sentencing, which is set for March 16.

EVEN MORE EXPORT ENFORCEMENT: Egyptian procurement agent AMA United Group and Egyptian citizens Malak Neseem Swares Boulos and Amged Kamel Yonan Tawdraus were sentenced Dec. 16 in Brooklyn U.S. District Court for attempting to ship USML munitions samples from New York City to Egypt without State licenses. Boulos and Tawdraus were sentenced to three years' probation, six months' house arrest and \$2500 fine. AMA was given one year probation and barred from export activity. AMA pleaded guilty in April 2015 to violating Arms Export Control Act, while Boulos and Tawdraus admitted to failing to file required export information relating to international shipment of landmine and multiple bomb bodies (see **WTTL**, April 6, 2015, page 8).

STILL MORE EXPORT ENFORCEMENT: Shavkat Abdullaev, legal U.S. permanent resident, was sentenced Dec. 1 in Brooklyn U.S. District Court to 36 months in prison on charges of unlicensed export of microelectronic products to Russian military and intelligence agencies between 2008 and 2012. He was convicted in October 2015 of conspiracy to violate International Emergency Economic Powers Act (IEEPA) and Arms Export Control Act (AECA), and to commit wire fraud. Codefendant Svetalina Zagon was sentenced in September to time served for related charges (see **WTTL**, Sept. 12, page 7). She pleaded guilty in May 2015. Alexander Fishenko, dual U.S.-Russia citizen, was sentenced in July to 10 years in prison and more than \$500,000 in forfeiture. He pleaded guilty in September 2015 to more than 20 charges, including conspiracy to violate IEEPA and AECA, and obstructing justice. Codefendants Alexander Posobilov and Anastasia Diatlova also were convicted in October 2015 and await sentencing.

PLEASE NO MORE EXPORT ENFORCEMENT: Yu Long, Chinese citizen and U.S. lawful permanent resident, pleaded guilty Dec. 19 in New Haven U.S. District Court to charges related to

theft of sensitive military program documents from United Technologies and export to China. Long worked as senior engineer/scientist at United Technologies Research Center (UTRC) in Connecticut from approximately May 2008 to May 2014, including work on F119 and F135 engines. Stolen documents included cover page of export-controlled UTRC presentation on Distortion Modeling. Sentencing has not been set, and Long has been detained since his arrest in November 2014.

NORTH KOREA: OFAC Dec. 20 issued General License (GL) 1-A, amending GL 1 from March (see **WTTL**, March 21, page 3). GL 1-A “no longer authorizes U.S. financial institutions to open and operate accounts for the diplomatic mission of North Korea and its employees and their families. It now requires that funds transfers to or from the mission or its employees be conducted through an account at a U.S. financial institution that has been specifically licensed by OFAC,” agency said.

BURMA: In Federal Register Dec. 27, BIS removed license requirements and other restrictions on exports, reexports or transfers (in country) to previously blocked entities in Burma. In addition, rule also moves Burma from Country Group D:1 to less restrictive Country Group B. Obama administration formally lifted remaining U.S. sanctions on country in October (see **WTTL**, Oct. 10, page 1). Country will remain in Computer Tier 3 in part 740 (License Exceptions) pending additional consideration, agency noted.

EAR: In Dec. 27 Federal Register BIS implemented changes agreed to at June 2015 and 2016 plenary meetings of Nuclear Suppliers Group (NSG). Changes address nuclear nonproliferation (NP) controls on certain centrifugal multiplane balancing machines under ECCN 2B229 and linear displacement measuring systems under ECCN 2B206. In addition, rule corrects error in technical parameters in ECCN 6A203.d that describe certain radiation-hardened TV cameras (including lenses therefor) that are subject to NP controls, BIS said.

FCPA: According to documents unsealed Dec. 19 in Texas U.S. District Court, four businessmen pleaded guilty to conspiracy to violate Foreign Corrupt Practices Act (FCPA) for paying \$2 million in bribes to Mexican law enforcement officials to secure aircraft maintenance and repair contracts. Kamta Ramnarine and Daniel Perez, both of Brownsville, Texas, pleaded guilty Nov. 2 in McAllen federal court. Douglas Ray of Magnolia, Texas, and Victor Hugo Valdez Pinon, Mexican citizen, pleaded guilty Oct. 28 and Oct. 26, respectively, in Houston. Ramnarine and Perez are scheduled to be sentenced on Jan. 30, 2017; Ray and Valdez Pinon are set to be sentenced Feb. 23, 2017. Two former Mexican government officials, Ernesto Hernandez Montemayor and Ramiro Ascencio Nevarez, previously pleaded guilty to conspiracy to commit money laundering in scheme. Nevarez was sentenced to 15 months in prison in May.

BIS: BIS posted new training course for Defense Priorities and Allocations System (DPAS) on website Dec. 28. Course “is designed to assist any company that receives priority rated contracts, subcontracts, or purchase orders from the U.S. Government or from U.S. Government contractors,” agency said. Training “outlines some of the basic requirements that a company must adhere to when accepting DPAS rated orders,” it added.

ITAR: In Federal Register Jan. 3 State amends International Traffic in Arms Regulations (ITAR) to enable U.S. Customs and Border Protection (CBP) to implement International Trade Data System (ITDS), which “will allow businesses to electronically submit the data required to import or export cargo,” notice said. Specifically, State revised several ITAR provisions to “strike references to the Automated Export System and insert, in their place, instructions to electronically file with CBP.” Final rule became effective Dec. 31.

IRAN: In Federal Register Dec. 23, OFAC expanded scope of medical devices and agricultural commodities generally authorized for export or reexport under Iran regulations. Amendment “also includes new or expanded authorizations related to training, replacement parts, software and services for the operation, maintenance, and repair of medical devices, and items that are broken or connected to product recalls or other safety concerns,” it said. General license now authorizes the exportation or reexportation to Iran of shrimp and shrimp eggs. In addition, OFAC revised definition of “Iranian-origin goods” or “goods of Iranian origin.”

PLYWOOD: In 6-0 preliminary vote Dec. 30, ITC found U.S. industry may be injured by allegedly dumped and subsidized imports of hardwood plywood from China. American Alliance for Hardwood Plywood (AAHP) expressed disappointment at vote. “We are disappointed that this investigation will proceed, but remain very confident that the facts continue to be on our side. This is now the third time that the federal government will conduct a thorough review and we believe they will reach the same finding as before--imported hardwood plywood products from China are traded fairly at competitive prices and have a rightful place in the global consumer market,” group said in statement. On other side, petitioner Coalition for Fair Trade of Hardwood Plywood commends ITC vote as “important step in protecting thousands of U.S. jobs,” group said.

SYRIA: OFAC Dec. 23 designated 18 individuals and five entities who “provided support or services” to Syrian government. Designated entities include: Cham Wings Airlines; Syriss Logistics and Services; nine Tempbank officials; seven senior Syrian government officials; two firms owned by blocked entity Rami Makhluf; and Lebanon-based supplier of science and technology materials Technolab. OFAC added Russia’s Tempbank in May 2014 for dealing with Syria (see **WTTL**, May 12, 2014, page 6).

PERU: Labor Department Dec. 16 gave Peru six-month reprieve to comply with possible breach of labor obligations under U.S.-Peru Trade Promotion Agreement. Announcement said progress had been made, but Peru has not addressed key recommendations of March report, such as adopting and implementing legal instrument to limit consecutive use of short-term employment contracts in non-traditional export sectors (see **WTTL**, March 21, page 10). “Peru really dodged a bullet here. With the lack of progress across multiple key recommendations, the U.S. government could have justifiably moved down the path of dispute settlement,” Eric Gottwald, Legal & Policy Director at International Labor Rights Forum (ILRF), said in statement. ILRF and seven Peruvian labor unions in 2015 accused Peruvian government of not protecting workers’ right to organize.

NATIONAL EXPORT STRATEGY: Just in time, Commerce released its 2016 National Export Strategy Dec. 22. Report serves “as a review of results and as a path forward,” Commerce Secretary Penny Pritzker said in statement. Five major areas of government focus are: connecting American businesses to global consumers; streamlining international shipments; expanding access to export finance; promote exports and investment as development priorities for cities and states; open additional markets and enforcing international trade rules and regulations.