EIB World Trade Headlines

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China warns of retaliation if Trump imposes Tariffs

Chinese state-run media issued a thinly veiled threat for President-elect Donald Trump over the weekend: The country is ready to launch financial "countermeasures" if he imposes new tariffs on Chinese imports.

"If Trump wrecks Sino-US trade, a number of US industries will be impaired," a Global Times editorial read. "...The new president will be condemned for his recklessness, ignorance and incompetence and bear all the consequences."
On the campaign trail, Trump had threatened to impose a 45 percent tariff on all Chinese goods coming into the country.

"China will take a tit-for-tat approach then," the Global Times editorial read. "A batch of Boeing orders will be replaced by Airbus. U.S. auto and iPhone sales in China will suffer a setback, and U.S. soybean and maize imports will be halted. China can also limit the number of Chinese students studying in the U.S."

China imported $161.6 billion in U.S. goods and services last year, and was America's third-largest import market. China purchased $15 billion in American aircraft, $11 billion in cars, $11 billion in soybeans and $2.1 billion in corn.

In its latest quarter, Apple sold $8.8 billion in goods and services in China in its most recent quarter, down 30 percent from sales there this time last year.

The Global Times noted that President Barack Obama imposed a temporary, 35 percent tariff on Chinese tires in 2009. In response, China increased taxes on imports of American chicken and automotive products.

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“Both China and the U.S. suffered losses as a result,” the editorial read.

Trump spoke with Chinese President Xi Jinping over the weekend, where talk of the 45 percent tariff reportedly did not come up.

“China is a great and important country, and China’s development is remarkable to the world,” Trump was quoted as saying by Chinese state-run media CCTV.

American corporations $1.3 Trillion Overseas

Large American corporations will end the year holding an estimated $1.3 trillion in cash reserves overseas, out of reach from the IRS, analysts at Moody’s said in a new report this week.

That’s slightly higher than the $1.2 trillion in cash this group held overseas in 2015.

The five companies holding the largest cash reserves overseas are all in the technology sector, and four are based in Silicon Valley: Apple, Alphabet, Cisco and Oracle. Washington-based Microsoft rounds out the list.

Together, these five companies alone will hold $505 billion in foreign cash reserves by the end of the year, Moody’s estimates.

American companies build big cash reserves by taking revenue from sales outside the U.S. and funneling it through a series of subsidiaries, taking advantage of loopholes in specific countries to achieve the lowest possible total tax rate.

Bringing cash back into the U.S. would subject companies to the standard corporate tax rate of roughly 35 percent. Companies have lobbied lawmakers to enact a “tax holiday,” where they could bring overseas money back into the U.S. temporarily at a lower tax rate.

In the meantime, large companies like Apple borrow money or sell corporate bonds to finance big-ticket expenses like stock buybacks and shareholder dividends.

Overseas cash remains a major issue for large American corporations, who will end the year holding a total of $1.77 trillion in reserves, Moody’s says. The great bulk of that money, roughly 74 percent, is now being held overseas.

Is Nevada an industry leader in drones?

Local drone industry insiders say they are working to make Nevada the industry’s “global destination of choice” and consistently tout Nevada as an industry leader.

But is it?

The Review-Journal caught up with several out-of-state industry experts at the Commercial Unmanned Aerial Vehicle Expo held Monday through Wednesday at the MGM Grand to find out. In short, the answer is mostly yes, Nevada is an industry leader nationally, but the jury is still out on its place in the global industry.

Baptiste Tripard, director of business development and strategy for strategy for Intel’s New Technology Group, which works on commercial drones, said Nevada is “a little bit ahead” because of its Federal Aviation Administration designation as an unmanned aerial systems test site. Nevada is the only state authorized as a test site; the other six test sites are state agencies, airports or universities.

“Nevada, in the drone community, is recognized as one of the leading states for drones,” he said, because of its FAA designation and the relationship the state has formed with the FAA which is “leading drone growth.”

For others, like Colorado-based Eric McCuaig, market manager at Trimble, Nevada definitely has some buzz, but it’s too soon to label any state as “the” industry leader.

“I’ve heard about a lot of the initiatives that Nevada has taken, so I think they do have a leadership role,” said McCuaig. “A lot of states are getting into the UAS (unmanned aircraft system) space, Nevada has got a history, along with California, New Mexico and other places in terms of aviation, so I think that they’ll be right there with a lot of other states in a leadership position.”

Bruce Carpenter, vice president of business development at Utah-based Fortem Technologies, similarly said Nevada is one of many states competing for such a title, and described Utah as the “mountain Silicon Valley.”

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"There is nothing I can think of that delineates them (Nevada) as being an expert in a certain area outside of the other geographical locations. There's a lot of universities involved in UAV development right now and there are a lot of large companies that are focused on it," he said. "The great thing is there's a diverse capability throughout the US and Nevada is contributing to that."

Everybody said the industry is infused with a healthy dose of competition, domestically and abroad.

"The rules, in all areas (around the world), have all been moving along at a similar pace," McCuaig said. Back in 2011, when Trimble was developing their UAS in Belgium, for example, the European rules they were operating under were a bit more streamlined than the US. McCuaig said that some things "would have been a lot more difficult to do" in the US at that time. But, today US regulations for drones have surpassed Europe's, he said.

Carpenter and McCuaig listed Israel, Poland and Australia as countries competing with US for the "global destination of choice" title.

"There's nothing wrong with Nevada being inspired to reach that level," Carpenter said. "There's some very healthy competition out there for them to deal with, but it's definitely great goal for Nevada to want to maintain and hold onto."

Intel launches 500 drones into sky and breaks world record in spectacular style

Intel Corporation put on a spectacular light show that has launched the American technology company into the record books for the second year running.

Intel's magnificent display was not produced by pyrotechnics, but by hundreds of individual drones each fitted with an LED light.

n a football field in in Krailling, Germany, Intel successfully set a new record for the Most Unmanned Aerial Vehicles (UAVs) airborne simultaneously as 500 drones performed a flawless routine together, lighting up the evening sky.

The company first achieved this Guinness World Records title in 2015 with 100 drones, but this year the Intel engineers wanted to make a show that was bigger than ever.

This record challenge features a new UAV, weighing just 280 grams and electrically operated with a rotor for flying, the Intel Shooting Star drone was specifically designed for putting on dramatic lightshows.

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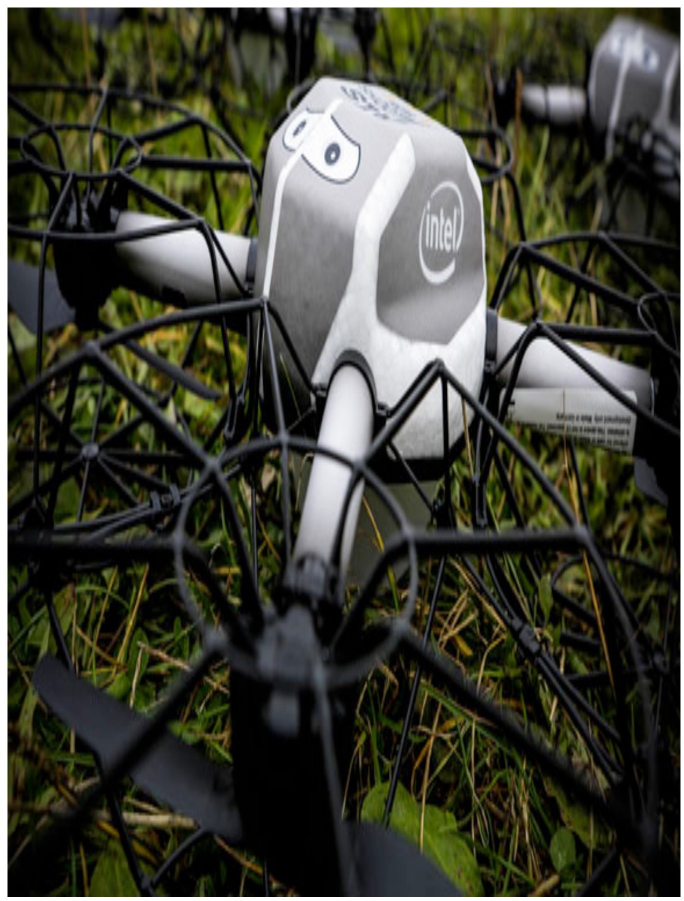
Guinness World Records adjudicator Lena Kuhlmann was on hand to officiate the attempt, count the drones and ensure they all remained airborne for a minimum of one minute.

The UAVs flew in a formation and drew the number '500' and then the Intel logo.

All of the 500 drones moved as a single fleet, operated by one pilot with a laptop. This reflects a huge development in the UAV software.

"These drones are able to fly as a fleet, this is the first time ever we can show it works so well with so many drones!" said Daniel Gurdan, Intel Engineering Lead.

Natalie Cheung, Intel Light Show Business Lead commented: "We're showing regulators around the world that UAV technologies used the right ways can help shape new rules for manned and unmanned aerial vehicles."



GEnx Engine to Power China Southern 787 Dreamliners

China Southern signed a Memorandum of Understanding (MOU) with GE Aviation today at the 2016 Airshow China to select GE's GEnx-1B engines to power its twelve newly purchased and eight leased Boeing 787-9 Dreamliner aircraft. The engine order is valued at $1.1 billion USD at list price. Delivery of these aircraft will begin in 2018.

"China Southern has been dedicated to offering eco-friendly and comfortable travel experience to passengers with advanced and reliable aircraft engines. Since the first delivery of the GEnx-1B-powered B787-8 aircraft in 2013, this fleet has been performing very well in our operation," said Li Tongbin, executive vice president and chief engineer of China Southern Airlines. "The GEnx-powered B787 Dreamliner fleet has given us great support in our business growth. Through our closer cooperation, the dispatch reliability of China Southern's fleet powered by GE engines have achieved top level of the world."

"We appreciate China Southern's continuous confidence in our products and service," said Chaker Chahrour, vice president and general manager of Global Sales and Marketing at GE Aviation. "China Southern and GE Aviation have enjoyed a long-term cooperation since the airline was the Asia launch customer for the GE90 engine on the Boeing 777 aircraft in the 1990s. Since then, we have been working together very well, and we look forward to our further collaboration for many years to come."

More than 1,600 GEnx-1B engines have been sold to 51 customers. Compared to GE's CF6 engine, the GEnx engine offers up to 15 percent better fuel efficiency, which translates to 15 percent less CO_2. The GEnx's innovative twin-annular pre-swirl (TAPS) combustor dramatically reduces NO_x gases as much as 55 percent below today's regulatory limits and other regulated gases as much as 90 percent. Based on the ratio of decibels to pounds of thrust, the GEnx is the quietest engine GE produces due to the large, more efficient fan blades that operate at slower tip speed, resulting in about 40 percent lower noise levels.

The GEnx is part of GE's "ecomagination" product portfolio - GE's business strategy to develop new, cost-effective technologies that enhance customers' environmental and operating performance.

GEnx's revenue-sharing participants are IHI Corporation of Japan, Volvo Aero of Sweden, MTU of Germany, TechSpace Aero (Safran) of Belgium, Safran Aircraft Engines of France and Samsung Techwin of Korea.

ENFORCEMENT INFORMATION FOR NOVEMBER 14, 2016

Information concerning the civil penalties process can be found in the Office of Foreign Assets Control (OFAC) regulations governing each sanctions program; the Reporting, Procedures, and Penalties Regulations, 31 C.F.R. part 501; and the Economic Sanctions Enforcement Guidelines, 31 CFR part 501, app. A. These references, as well as recent final civil penalties and enforcement information, can be found on OFAC's website at www.treasury.gov/ofac/enforcement.

ENTITIES – 31 CFR 501.805(d)(1)(i)

National Oilwell Varco, Inc. Settles Potential Civil Liability for Apparent Violations of the Cuban Assets Control Regulations, the Iranian Transactions and Sanctions Regulations, and the Sudanese Sanctions Regulations: National Oilwell Varco, Inc., a Delaware corporation, and its subsidiaries Dreco Energy Services, Ltd. ("Dreco") and NOV Elmar ("Elmar") (collectively referred to hereafter as "NOV" unless otherwise noted), have agreed to settle their potential civil liability for apparent violations of the Cuban Assets Control Regulations, 31 C.F.R. part 515 (CACR), the Iranian Transactions and Sanctions Regulations, 31 C.F.R. part 560 (ITSR),1 and the Sudanese Sanctions Regulations, 31 C.F.R. part 538 (SSR), for $5,976,028.

NOV's settlement with OFAC is concurrent with both a settlement agreement between NOV and the Department of Commerce's Bureau of Industry and Security, and a Non-Prosecution Agreement (NPA) executed by NOV with the U.S. Attorney's Office for the Southern District of Texas.

OFAC determined that from on or about 2002 to on or about 2009, NOV engaged in certain conduct in apparent violation of the ITSR. Specifically: (1) between October 2002 and April 2005, National Oilwell Varco, Inc. approved at least four Dreco commission payments to a U.K.- based entity that related to the sale and exportation of goods, directly or indirectly, from Dreco to Iran, in apparent violation of §§ 560.206 and 560.208 of the ITSR (these four commission payments have a combined value of $2,630,091); (2) between September 2006 and January 2008, National Oilwell Varco, Inc. engaged in two transactions totaling $13,596,980 involving the direct or indirect sale and exportation of goods to Iran, and/or facilitated those transactions, in apparent violation of §§ 560.206 and 560.208 of the ITSR; (3) between at least 2003 and 2007, Dreco knowingly indirectly exported goods from the

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United States for the specific purpose of filling at least seven orders from Iranian customers, in apparent violation of § 560.204 of the ITSR (these seven transactions have a total value of $526,480); (4) between 2007 and 2009, Dreco engaged in 45 transactions totaling $1,707,964 involving the sale of goods to Cuba, in apparent violation of § 515.201 of the CACR; (5) between 2007 and 2008, Elmar engaged in two transactions totaling $103,119 involving the sale of goods or services to Cuba, in apparent violation of § 515.201 of the CACR; and (6) between 2005 and 2006, NOV engaged in one $20,928 transaction involving the direct or indirect exportation of goods from the United States to Sudan, in apparent violation of § 538.205 of the SSR (collectively referred to hereafter as the "Apparent Violations").
OFAC determined that NOV did not voluntary self-disclose the Apparent Violations. OFAC also determined that the four apparent violations involving the Dreco commission payments were egregious because senior-level finance executives within NOV approved the four commission payments; NOV appears to have willfully blinded itself to the consequences of its approval by acquiescing to Dreco's deliberate non-identification of Iran in its communications with NOV; NOV had reason to know that the commission payments involved Iran; and NOV ignored several warning signs over the course of three years that approving the commission payments was prohibited conduct. OFAC determined that the remaining apparent violations were non- egregious.

The statutory maximum civil monetary penalty amount for the Apparent Violations was $37,766,212. The base penalty amount for the Apparent Violations was $8,537,183.

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Web Notice: The Directorate of Defense Trade Controls (DDTC) is currently in the process of modernizing its IT systems. During this time period, we anticipate there may be delays in response times and time to resolve IT related incidents and requests. We apologize for any inconvenience, and appreciate your patience while we work to improve DDTC services. If you need assistance, please contact the DDTC Service Desk at (202) 663-2838, or email at DtradeHelpDesk@state.gov (06.28.16)

"You can always do more than you think you can"

This settlement reflects OFAC's consideration of the following facts and circumstances, pursuant to the General Factors under OFAC's Economic Sanctions Enforcement Guidelines, 31 C.F.R. part 501, app. A. OFAC considered the following to be aggravating factors: (1) NOV's conduct that gave rise to the Apparent Violations demonstrated at least reckless disregard for U.S. sanctions requirements; (2) senior managers at National Oilwell Varco, Inc. and Dreco knew or had reason to know that their respective business transactions giving rise to the ITSR-related apparent violations involved Iran; (3) NOV's conduct caused harm to sanctions program objectives by providing a significant and sustained economic benefit to the petroleum industries in Cuba, Iran, and Sudan; (4) NOV is a large and sophisticated company that is engaged in the business of providing oilfield services around the world, including regions with high sanctions risk; and (5) NOV's compliance program at the time of the Apparent Violations was wholly inadequate.

OFAC considered the following to be mitigating factors: (1) NOV had not received a Penalty Notice or Finding of Violation in the five years preceding the date of the earliest transaction giving rise to the Apparent Violations; (2) NOV cooperated with OFAC's investigation, including by agreeing to toll the statute of limitations for more than 2,600 days; and (3) NOV has made efforts to remediate its compliance program and agreed to further compliance enhancements.

NOV's $5,976,028 settlement with OFAC will be deemed satisfied by its payment of $25,000,000 as specifically set forth in the NPA arising out of the same pattern of conduct.

For more information regarding OFAC regulations, please go to: www.treasury.gov/ofac