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White House Relents on Syria Sanctions

After initially pushing back on the prospects of cooperation with the government of Syria in delivering humanitarian relief to victims of the Earthquake, the Biden Administration issued [General License 23](#) permitting transactions related to earthquake relief efforts in Syria that would otherwise be prohibited by the Syrian Sanctions Regulations, 31 CFR part 542 (SySR), are authorized through August 8, 2023.

The issuance of the General License followed parrying by State Department Spokesman Ned Price earlier in the week when asked “So you only stand in Syria with your – with the Kurds for instance? You don’t stand with the rest of the Syrian people?” Price replied that “it would be quite ironic, if not even counterproductive, for us to reach out to a government that has brutalized its people over the course of a dozen years now – gassing them, slaughtering them, being responsible for much of the suffering that they have endured.”

Humanitarian outcry ensued, including the Middle East Council of Churches calling for “the immediate lifting of sanctions on Syria and allowing access to all materials, so sanctions may not turn into a crime against humanity.” The group represents Catholic and Orthodox churches in the region as well as Egypt’s Copts

Biden Talks Tough, Mute on Trade

President Biden gave a largely upbeat assessment of the State of the Union, touting the passage of legislation under his watch that he said is revitalizing US manufacturing sectors once given up for dead.

“Where is it written that America can’t lead the world in manufacturing again?,” the President asked. “For too many decades, we imported products and exported jobs. Now, thanks to all we’ve done, we’re exporting American products and creating American jobs,” he continued.

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Trade data released earlier in the day by the Commerce Department showed that while US exports rose last year, they were still vastly outpaced by imports.

In his speech to Congress and the American people, Mr. Biden specifically cited passage of the CHIPS Act to restore US semiconductor manufacturing, which fell from 40 percent of global production to 10 percent. “We can never let that happen again,” he stated. “We’re making sure the supply chain for America begins in America.”

The President made no mention in his speech about any plans to open more markets to US exports through trade agreements, prompting **U.S. Chamber of Commerce CEO and President Suzanne Clark** to note “trade was conspicuously absent from President Biden’s State of the Union address.... It’s time for this administration to get back to the table and pursue new market opening trade agreements that not only increase our standard of living but also our standing in the world.”

As expected, he did announce his intention to **expand Buy American government procurement rules** by requiring all construction materials used in federal infrastructure projects to be made in America.

The President also made clear that he intends to take a tough line with China. “Today, we’re in the strongest position in decades to compete with China or anyone else in the world,” he said. “I am committed to work with China where it can advance American interests and benefit the world.”

In a reference to last week’s discovery of a Chinese surveillance balloon in US airspace, which was subsequently shot down by the US military, Mr. Biden added, “But make no mistake: as we made clear last week, if China’s threatens our sovereignty, we will act to protect our country. And we did.”

He urged bipartisanship when it comes to China, saying that “winning the competition with China should unite all of us.”

House Unites in China Huff

Bipartisan members of the **House Financial Services Committee** were united last week in stating that the United States needs to take stronger steps to fight China’s economic power. At its first hearing of the year, the committee heard from witnesses about how to respond to China’s economic clout. [\[video\]](#)

House Republicans have made China a priority area now that they have the majority in the 118th Congress. **Financial Services Committee Chairman Patrick McHenry (R-NC)** said his decision to make China the subject of the panel’s first hearing was no coincidence. “China is not an ally or a strategic partner,” he said. “They are our competitor and pose the single greatest threat to America’s global standing.”

Addressing the China threat “is a priority for the Congress and our Committee’s jurisdiction is central to this discussion,” the chairman continued. “The economic strength and vibrancy produced by our system of free market capitalism directly fuels America’s military strength and cultural power. Whether it’s through sanctions, export financing, international financial institutions, or our capital markets – all of which fall under this Committee’s purview – we will lead this Congress’ economic agenda in response to China.”

Financial Services already has a [line up of bills dealing with China](#) that it plans to consider, including legislation to impose sanctions on companies with ties to the Chinese military, press China to abide by Organization for Economic Cooperation and Development standards for export financing and ban money services businesses from engaging in transactions involving the use of China's digital currency.

Committee ranking Democrat Maxine Waters (Calif) agreed that China poses an economic threat, saying that "the authoritarian regime of the Chinese Communist Party is trying to reshape the international order to supplant US leadership. Congressional Democrats and the Administration have already taken steps by passing legislation like the CHIPS Act to boost US semiconductor production and granting the US Export-Import Bank its longest-ever reauthorization," she said.

Democrat Brad Sherman (Calif) said Congress and the Administration should be prepared to take away China's Permanent Normal Trade Relations status if Beijing makes any military overtures towards Taiwan.

§232 Steel Tariffs Ruled Legit

The US Federal Circuit Court of Appeals upheld the Trump Administration's imposition of **Section 232 national security tariffs on imported steel**, reversing a lower court's ruling that the government waited too long to act. The 3 to 0 decision upholds the 25 percent Section 232 tariffs on imports of steel derivatives like nails and fasteners imposed by former President Trump.

Those tariffs came almost two years after broader Section 232 tariffs on almost all steel and aluminum imports. Given the time gap, the US Court of International Trade concluded that the White House had missed to statutory deadline to impose the tariffs on steel derivatives.

The appeals court disagreed, ruling yesterday that Presidents have the authority to impose "contingency-dependent" tariff increases in the case of national security concerns. The Biden Administration supports the tariffs.

Separately, the US Court of International Trade held oral arguments in a **case challenging the Section 301 "Relief from Unfair Trade Practices"** tariffs also imposed by the previous Administration. Officials for the current Administration defended the tariffs.

Annual Trade Deficit Hits Record

The **US trade deficit hit a record \$948.1 billion for 2022**, up \$103.0 billion from \$845 billion in 2021, the Commerce Department reported yesterday. Exports were \$3 trillion, up \$453.1 billion from 2021, while imports came in at \$3.9 trillion, a \$556.1 billion increase over the previous year.

The 2022 increase in the goods and services deficit reflected an increase in the goods deficit of \$101.5 billion, or 9.3 percent, to \$1.2 trillion and a decrease in the services surplus of \$1.6 billion, or 0.6 percent, to \$243.7 billion. The goods and services deficit was 3.7 percent of current-dollar gross domestic product in 2022, up from 3.6 percent in 2021.

The US trade deficit for 2022 with China increased \$29.4 billion to \$382.9 billion in 2022. Imports – at \$536.8 billion – far outpaced US exports of \$153.8 billion. Deficits also were recorded with the **European Union** at \$203.9 billion; **Mexico** \$130.6 billion; **Vietnam** \$116.1 billion; **Canada** \$81.6 billion; **Germany** \$73.7 billion; **Japan** \$68 billion;

Deficits of note were also run with **Ireland** \$66.1 billion; **Taiwan** \$48.1 billion; **South Korea** \$43.9 billion; **Thailand** \$43.1 billion; **Italy** \$41.7 billion; **India** \$38.3 billion; **Malaysia** \$36.6 billion; **Indonesia** \$24.6 billion; **Switzerland** \$22.6 billion; **Austria** \$13.1 billion; **Russia** \$12.7 billion; **Saudi Arabia** \$11.9 billion and **France** \$11.5 billion.

The United States ran **trade surpluses** in 2022 with **South and Central America** at \$76.2 billion; **Netherlands** \$38.3 billion; **Hong Kong** \$21.1 billion; **Brazil** \$14.6 billion; **Singapore** \$14.5 billion; **Australia** \$14 billion and **United Kingdom** \$13.3 billion.

December Deficit

For **December 2022, the goods and services deficit was \$67.4 billion**, up \$6.4 billion from \$61 billion in November, Commerce said. December exports were \$250.2 billion, \$2.2 billion less than November exports, and imports were \$317.6 billion, \$4.2 billion more than November imports.

The December increase in the goods and services deficit reflected an increase in the goods deficit of \$7.4 billion to \$90.6 billion and an increase in the services surplus of \$1 billion to \$23.2 billion. Deficits were recorded with China at \$22.8 billion; European Union \$18.6 billion; Mexico \$12 billion; Vietnam \$8.1 billion; Germany \$8 billion; Japan \$7.2 billion; Ireland \$5.8 billion; Canada \$4.5 billion; Italy (\$4.2 billion; South Korea \$4 billion; India \$3.3 billion; Taiwan \$3 billion; Switzerland \$2.6 billion; Malaysia \$2.5 billion; France \$1.2 billion; Israel \$700 million and Saudi Arabia \$700 million.

The December figures showed surpluses with South and Central America at \$5.1 billion; Netherlands \$4.4 billion; United Kingdom \$1.9 billion; Australia \$1.5 billion; Hong Kong \$1.3 billion; Belgium \$1.1 billion; Brazil \$900 million and Singapore \$200.

*** Briefs ***

WTO / Singapore signs on to Fisheries Accord. Singapore deposited its instrument of acceptance for the Agreement on Fisheries Subsidies on 10 February, making it the second WTO member and first coastal state to do so. Acceptances from two-thirds of WTO members are needed for the Agreement to come into effect. [[release](#)]

Senate Finance Committee Chair Ron Wyden, D-Ore., and Ranking Member Mike Crapo, R-Idaho, [announced](#) subcommittee assignments and the designation of members to serve as **Congressional Trade Advisors on Trade Policy and Negotiations for the 118th Congress**, who are (in

addition to the Chair and Ranking Member) Sen Debbie Stabenow, (D-MI) . Sen. Maria Cantwell, (D-WA), and Sen. Chuck Grassley, (R-IA)

“Although partisan debates often dominate big national issues before the Finance Committee, Chairman Ron Wyden and I secured several substantial bipartisan achievements during the last congress. I look forward to my continued partnership with him and colleagues of both parties as we work to deliver meaningful effective trade agreements--those that expand market access and reduce tariffs--help Americans and disadvantage China,” said Sen. Crapo in a statement.

“**The renewal of important trade programs like the Generalized System of Preferences and the Miscellaneous Tariff Bill**, which work together to expand opportunities to diversify our trade with friendly countries, remains a top priority.”

House Ways & Means / Smith Slams OECD. Vowing to hold “the Biden Administration accountable for its ongoing efforts to sell out working families,” Chairman Jason Smith (R-MO) sent a stern [letter](#) for OECD Secretary-General Mathias Cormann registering his unhappiness with proposals to implement an Under Taxed Profits Rule (UTPR) surtax on American firms.

The **undertaxed profits rule (UTPR)** allows a country to increase taxes on a business if that business is part of a larger company that pays less than the proposed global minimum tax of 15 percent in another jurisdiction.

“United States provides 20 percent of the OECD's annual budget-nearly \$80 million per year and twice as much as any other country. China provides no funding to the OECD. Yet China stands to gain market share and jobs, while Americans are expected to pay the tab for the OECD global tax deal, “ Smith wrote.

CBP / EAPA Updates –

Customs & Border Protections has begun interim measures in [Enforce and Protect Act \(EAPA\) investigations](#) as follows:

- **7782 forged steel fittings** (covered merchandise) from the People’s Republic of China (China). CBP found there was reasonable suspicion that the Importer entered covered merchandise from China that was transshipped through Sri Lanka.
- **7785, cast iron soil pipe (CISP)** from the People’s Republic of China (China) and **cast iron soil pipe fittings (CISPF)** from China. CBP found there was reasonable suspicion that the importer had been entering covered merchandise from China that had been transshipped through Malaysia and had been misclassified as non-covered merchandise
- **7734, aluminum extrusions** from the People’s Republic of China (China). CBP found there was reasonable suspicion that importer had been entering covered merchandise from China but not declaring them as subject to those AD/CVD orde

- **7745, steel grating** from the People's Republic of China (China). CBP found there was reasonable suspicion that the Importers had been entering covered merchandise from Germany that had been transshipped through Mexico, or been entering covered merchandise from Germany that had been misclassified as non-covered merchandise

White House / China Sanctions Coming White House press secretary Karine Jean-Pierre told reporters Thursday the U.S. would “explore taking action against PRC entities linked to the PLA that supported the balloon’s incursion into U.S. airspace,” referring to the People’s Republic of China and the People’s Liberation Army. “We will also look at broader efforts to expose and address the PRC’s larger surveillance activities that pose a threat to our national security and to our allies and partners as well,”

EU / 10th Sanctions Package Coming “The tenth package on its way. We have the aim to have it in place by 24 February. It has a volume of round about EUR 10 billion. It is a massive package again. The plan is to focus once more on technology that can and should not be used by Russia's war machine. In other words, we look deeper into components that were found, for example, in drones to make sure that there is zero availability for Russia of these technologies or the drones production, for example, in Iran that we are following closely. As a third element, we will focus intensively on cutting circumvention. This is a topic. So the tenth package will also have proposals to fight circumvention” President von der Leyen in Kyiv 3 February [[Statement](#)]

BIS / China Balloon Fabs now on Entity List. Friday, Commerce’s Bureau of Industry and Security blacklisted six Chinese Aerospace concerns; they are being added for their support to China’s military modernization efforts, specifically the People’s Liberation Army’s (PLA) aerospace programs including airships and balloons and related materials and components. [[FR 2023-03193](#)]

OFAC / More Bulgarians Under Fire Treasury’s Office of Foreign Assets Control (OFAC) sanctioned five current or former Bulgarian government officials for their extensive involvement in corruption in Bulgaria. OFAC also designated five entities owned or controlled by the individuals named. Corruption receiving bribes and other kickbacks in exchange for fixed-price contracts for Russian gas and nuclear fuel and support. One of the individuals named has received more than five million euros in offshore bank accounts since serving as Minister of Energy, as well as Judicial Bribery and Legislative Manipulation. [[announcement](#)]

OFAC / Iran Oil Merchants Sanctioned Treasury’s Office of Foreign Assets Control (OFAC) sanctioned nine entities across multiple jurisdictions that have played a critical role in the production, sale, and shipment of hundreds of millions of dollars’ worth of Iranian petrochemicals and petroleum to buyers in Asia. [[Announcement](#)]

OFAC / Absconded Oligarch Enabler Indicted A Federal Court in New York unsealed an indictment charging a Russian national with participating in a scheme maintain properties owned by Viktor Vekselberg, sanctioned Russian businessman and reputed sponsor of Rep. George Santos (R-NY).

Vladimir Voronchenko is charged with conspiring to violate and evade U.S. sanctions, violation of the International Emergency Economic Powers Act (IEEPA); conspiring to commit international money

laundering; and international money laundering, each of which carries a maximum sentence of 20 years in prison. Voronchenko is additionally charged with contempt of court in connection with his flight from the United States following receipt of a grand jury subpoena requiring his personal appearance and testimony. [\[announcement\]](#)

CFIUS / NZ & UK Now “Excepted Foreign States” With this action qualifying investors from all Five Eyes countries will now continue to benefit from exception from CFIUS jurisdiction over certain noncontrolling transactions, real estate transactions, and mandatory filing requirements as established under law. Five Eyes is an intelligence alliance composed of Australia, Canada, New Zealand, the United Kingdom and the United States. These partner countries share a broad range of intelligence with one another in one of the world's most unified multilateral arrangements. [\[announcement\]](#)

*** Calendar ***

2023 Washington International Trade Conference, sponsored by Washington International Trade Association (WITA) *virtually on Zoom, Monday, February 13, and Hybrid, Tuesday, February 14.* [\[Registration\]](#)

Senate Committee on Finance: Ending Trade that Cheats American Workers By Modernizing Trade Laws and Enforcement, Fighting Forced Labor, Eliminating Counterfeits, and Leveling the Playing Field Date: Thursday, February 16, 2023 10:30 AM Location: 215 Dirksen Senate Office Building. Witnesses from FedEx, United Steelworkers, Natioanl Foreign Trade Council and others. [\[Livestream\]](#)

USDA’s 99th annual Agricultural Outlook Forum (AOF), will be held in-person at the Crystal City Gateway Marriott on *February 23-24, 2023*, and all sessions will be livestreamed on a virtual platform. More than 30 sessions and 100 agriculture leaders and subject matter experts will discuss key issues impacting the sector [\[Info\]](#)

WITA 2023 Congressional Trade Agenda. *Friday, March 3, 2023. 9:30 am - 11:00 am ET.*
Featured Speakers:

Sally Laing, Chief International Trade Counsel, U.S. Senate Committee on Finance, Democratic Staff
Mayur Patel, Chief Counsel, International Trade, U.S. Senate Committee on Finance, Republican Staff.
Josh Snead, Republican Chief Trade Counsel, Trade Subcommittee, House Ways and Means Cttee.
Alexandra Whittaker, Democratic Chief Trade Counsel; Staff Director Trade Subcommittee, House Ways and Means Cttee. Ronald Reagan Building & International Trade Center, 1300 Pennsylvania Ave, NW, Washington, DC [\[Registration\]](#)

EU-US Trade & Technology Council: WG10 Roundtable on due diligence

3 March 2023, 12:30 CET - 3 March 2023, 19:30 CET [hybrid register] TTC Working Group 10 will host a roundtable discussion. [\[event website\]](#). Register [\[register\]](#) by Tuesday 28 February 2022, 18:00 CET / 12:00 EST.