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## DDTC Updates Processes During Social Distancing

Few government agencies are as communicative as State's Directorate of Defense Trade Controls (DDTC) about operating procedures during a global pandemic. The agency notified exporters of changes to its processes in a series of posts on the DDTC website.

Most recently, DDTC March 26 suspended the use of pick-up/drop-off courier services. Instead, the agency will send all documents to companies through the U.S. Postal Service, and companies "should continue to mail documents to PM/DDTC as they have in the past," it wrote.

Three days earlier, DDTC announced that license and agreement request transfers would be sent once a day at 6 a.m. "This is subject to change, dependent on the number of submissions or technical concerns," the agency wrote March 23. "Licenses or Agreements to be sent to Customs and Border Patrol (CBP) will be transferred at 9 a.m. daily," it added.

"For Licensing, all electronic application systems are currently in normal operational mode, and new licenses continue to be accepted for processing. However, industry is advised of the likelihood of longer than normal processing times due to a reduction in the availability of staff in multiple organizations to review applications," DDTC said March 19.

At the same time, the Office of Defense Trade Controls Compliance (DTCC) "established a new option for industry to submit disclosures and related information," it said, Persons submitting a disclosure and/or related information (e.g., exhibits, extension requests, responses to DTCC inquires) should send such information via email to DTCC-CaseStatus@state.gov.

## G20 Nations Commit to Keep Markets Open

After a virtual leaders' conference March 26, the G20 nations said all the right words on keeping markets open and resolving disruption to global supply chains during the corona-

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virus pandemic. Other groups of nations and trade experts had mixed responses to the health and economic crisis. In general, the G20 nations “are injecting over \$5 trillion into the global economy, as part of targeted fiscal policy, economic measures, and guarantee schemes to counteract the social, economic and financial impacts of the pandemic,” the leaders said in a joint statement. The trading partners got more specific in a section of the three-page document headlined “Addressing International Trade Disruptions.”

“Consistent with the needs of our citizens, we will work to ensure the flow of vital medical supplies, critical agricultural products, and other goods and services across borders, and work to resolve disruptions to the global supply chains, to support the health and well-being of all people. We commit to continue working together to facilitate international trade and coordinate responses in ways that avoid unnecessary interference with international traffic and trade,” the G20 leaders said.

“Emergency measures aimed at protecting health will be targeted, proportionate, transparent, and temporary. We task our Trade Ministers to assess the impact of the pandemic on trade. We reiterate our goal to realize a free, fair, non-discriminatory, transparent, predictable and stable trade and investment environment, and to keep our markets open,” the countries stated. Lawmakers and think tanks had their own takes on what the nations’ trade ministers should do (see related story, page 3).

The day before the G20 meeting, the governments of Australia, Brunei, Canada, Chile, Myanmar, New Zealand and Singapore also committed to “maintaining open and connected supply chains” and “will also work closely to identify and address trade disruptions with ramifications on the flow of necessities,” the nations said in a joint statement March 25.

“It is in our mutual interest to ensure that trade lines remain open, including via air and sea freight, to facilitate the flow of goods including essential supplies,” they added. “We affirm the importance of refraining from the imposition of export controls or tariffs and non-tariff barriers and of removing any existing trade restrictive measures on essential goods, especially medical supplies, at this time,” the countries added.

The U.S. Chamber of Commerce welcomed the G20 leaders’ commitment. “In this challenging global juncture, it is critically important to preserve and strengthen the movement of goods across countries. We rely on interconnected global supply chains, which can be mobilized to deliver the necessary products where they are needed and according to the acute needs of patients and healthcare systems around the world,” Chamber Executive VP Myron Brilliant said in a statement.

Not everyone was impressed. Asia Society VP and former acting Deputy USTR Wendy Cutler tweeted: “Found the trade section of the G20 communique to be the weakest and the shortest in length. Our ‘goal’ is to keep markets open? Wouldn’t a strong political commitment to actually do so be more appropriate when export restrictions are proliferating?”

## WTO Members Agree to Alternate Dispute Settlement System

The European Union (EU) and 15 other World Trade Organization (WTO) members, notably excluding the U.S., agreed to an alternate system, called the Multi-party Interim Appeal Arbitration Arrangement (MPIA), to temporarily replace the WTO Appellate Body (AB) that has been frozen since December 2019.

A similar group of WTO members spearheaded the arrangement in January in Davos (see **WTTL**, Jan. 27, page 2). In addition to the EU, the group includes Australia, Brazil, Canada, China, Chile, Colombia, Costa Rica, Guatemala, Hong Kong, Mexico, New Zealand, Norway, Singapore, Switzerland and Uruguay. Hong Kong is a new addition; Korea and Panama were part of the original proposal.

“We wish to underscore the interim nature of this arrangement. We remain firmly and actively committed to resolving the impasse of the Appellate Body appointments as a matter of priority and urgency, including through necessary reforms. The arrangement therefore will remain in effect only until the Appellate Body is again fully functional,” the 16 trading partners said in a joint ministerial statement.

Under the interim process, appeals will be heard by three appeal arbitrators selected from the pool of 10 standing appeal arbitrators composed by the participating members. “The pool of arbitrators will comprise persons of recognized authority, with demonstrated expertise in law, international trade and the subject matter of the covered agreements generally,” the agreement noted.

The arbitrators “will be unaffiliated with any government. They will not participate in the consideration of any disputes that would create a direct or indirect conflict of interest. The composition of the pool of arbitrators will ensure an appropriate overall balance,” the document added.

EU Trade Commissioner Phil Hogan called the agreement “is a stopgap measure to reflect the temporary paralysis of the WTO’s appeal function.” He said the WTO members “will continue our efforts to restore the appeal function of the WTO dispute settlement system as a matter of priority.” The arrangement, which is “crucial for the respect and enforcement of international trade rules,” is open to any WTO member, he added.

## Lawmakers, Industry Groups Offer Trade Advice

Let’s just agree that Mark Twain famously quipped, “Everything has already been said, but not by everyone.” During the global coronavirus pandemic, there is no shortage of advice for governments from lawmakers, industry groups and think tanks. Sometimes federal agencies even listen.

In a letter to the president March 25, 12 Republican Senate Finance Committee members urged the administration to: pause any consideration of reported “Buy American” require-

ments for medical goods and equipment; consider tariff relief on medical devices, pharmaceutical products, and any other health and safety products; provide a temporary deferral of duty collection; consider expanding and extending Section 301 tariff exclusion process; and consider a total moratorium on new tariffs or tariff increases “for the time being.”

At the same time, five steel industry associations urged the administration not to delay payments of estimated duties, taxes and other fees, which the Customs and Border Protection (CBP) announced, then retracted six days later. In a letter to acting CBP Commissioner Mark Morgan, the groups urged the agency to “not allow this crisis to encourage bad actors from taking advantage of an at-risk system during this crisis period.”

“The purpose of this message is to (a) notify the trade community that CBP is no longer accepting requests for additional days for payment, and (b) provide guidance to Brokers (including brokers that made requests on behalf of importers), Importers and Sureties on processing the universe of entries affected by the previous message,” CBP wrote in its subsequent retraction.

Anabel González, nonresident senior fellow at the Peterson Institute for International Economics and former Costa Rican trade minister, echoed the sentiments. In a memo to trade ministers March 23, she recommended several actions, including: lower tariffs on pharmaceuticals, medical devices, and other medical supplies; improve trade facilitation to reduce the cost of moving health-related products and materials across borders; adopt international standards to ensure the quality and safety of imported health-related products; avoid export restrictions; and take collective trade action.

“Governments should enhance, not restrict, global trade cooperation, if not among all, at least among the willing. They should agree to a freeze on export bans, ease recent restrictions, and exercise self-restraint when the impact is devastating. Governments could also negotiate agreements to slash tariffs and nontariff barriers on health-related products,” Gonzalez wrote.

## **WTO Tracks Trade Measures in Response to Health Crisis**

Ask and ye shall receive. World Trade Organization (WTO) Director-General Roberto Azevedo March 24 asked all members to submit information about recent trade and trade-related measures, calling specific attention to the policies members had introduced in response to the coronavirus outbreak. At the same time, Azevedo set up a task force of experts to monitor the impact of COVID-19 on trade flows and the overall global economy.

“The current COVID-19 pandemic represents an almost unprecedented health crisis, and members are understandably responding by introducing legislation and policies to seek to combat this health emergency,” he wrote. “These include measures that are trade-related, such as export measures and economic support programmes.”

The WTO website now highlights the most recent notifications. For one, Albania March 27 imposed a temporary prohibition of exports of drugs and medical devices. A day earlier, Brazil established “exceptional and temporary criteria and procedure” for handing petitions for market authorization of medicines, biological products, and in vitro diagnosis products.

In addition, Brazil established temporary procedures for the manufacturing and sale of antiseptic preparations and sanitizers without previous market authorization; and the handling of petitions for the market authorization of individual protection equipment, lung ventilator equipment, and other medical devices identified as strategic.

\* \* \* **Briefs** \* \* \*

TRADE PEOPLE: Kirsten Hillman March 26 was appointed as Canadian ambassador to U.S. Hillman has been acting ambassador since August 2019, replacing David MacNaughton. “Hillman is exactly the person Canada needs as point person in Washington right now. Her work on trade, on the new NAFTA, as Acting Ambassador, and most recently on our cross-border response to COVID-19, makes her the obvious, outstanding candidate for this role,” Deputy Prime Minister Chrystia Freeland said in statement. After previously serving as Canada’s chief negotiator in Trans-Pacific Partnership, Hillman was named deputy head of mission at Canadian Embassy in August 2017 (see **WTTL**, Aug. 7, 2017, page 8).

HUAWEI: BIS March 27 extended comment period on future extensions of narrow and temporary Huawei General License (GL) through April 22. Agency extended GL authorizing some transactions with Huawei and 114 non-U.S. affiliates for third time in March (see **WTTL**, March 16, page 1).

ITAR: Interim final rule clarifying carveout for encrypted data transmissions took effect March 25, with long-awaited ITAR definitions of “activities that are not exports, reexports, retransfers, or temporary imports” (see **WTTL**, Jan. 6, page 3). Rule “consolidates in one location several previously existing but disassociated activities that are not considered exports and adds a new entry for properly secured unclassified technical data in an encrypted state,” DDTC said in reminder.

CUBA: Eight trade organizations, including National Foreign Trade Council (NFTC) and Center for Democracy in the Americas (CDA), March 26 urged U.S. to suspend Cuba sanctions “to facilitate the flow of desperately needed humanitarian and medical supplies” to Cuban people during global coronavirus pandemic. “Though there are supposed to be humanitarian allowances under the embargo framework, in practice, there are severe limitations and obstacles to delivering humanitarian assistance to Cuba,” groups wrote. Specific highlighted provisions include: caps on family and donative remittances; sanctions impeding help from other countries; sanctions impeding donations of medicine and medical equipment; financial transactions; and sanctions restricting support for Cuban people.

ENGINES: Briggs & Stratton Corporation filed countervailing and antidumping duty petitions March 18 with ITA and ITC against imports of certain vertical shaft engines between 99cc and up to 225cc and parts thereof from China. Engines are generally used in walk-behind lawn mowers but also in pressure washers. Firm filed petitions in January against imports of vertical shaft engines between 225cc and 999cc from China (see **WTTL**, Jan. 20, page 10).

CYLINDERS: Worthington Industries filed countervailing and antidumping duty petitions March 27 with ITA and ITC against imports of certain non-refillable steel cylinders from China.

CABINETS: In 5-0 final vote March 24, ITC found U.S. industry is materially injured by dumped and subsidized imports of wooden cabinets and vanities from China.

IRAN: OFAC March 26 designated 20 Iran- and Iraq-based front companies, senior officials and business associates that support Islamic Revolutionary Guards Corps-Qods Force (IRGC-QF) in addition to transferring lethal aid to Iranian-backed terrorist militias in Iraq. State and OFAC week earlier designated five United Arab Emirates (UAE)-based companies “that facilitate the Iranian regime’s petroleum and petrochemical sales,” OFAC said (see **WTTL**, March 23, page 1).

CHINA: Like clockwork, Agriculture Secretary Sonny Perdue and USTR Robert Lighthizer March 24 cited further evidence of China’s progress in implementing its agriculture-related commitments under “phase one” trade deal. Most recent actions include: signing regionalization agreement that will allow U.S. poultry exports from unaffected regions; proposing maximum residue levels for three hormones commonly used in U.S. beef production; and updating lists of facilities approved for exporting distillers dried grains with solubles. China previously lifted import ban on beef and beef products from animals over 30 months of age (see **WTTL**, March 16, page 6).

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