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Budget Request Highlights Trade Enforcement

The administration's fiscal year (FY) 2018 budget request talks highly of enforcing trade laws and putting its money where its mouth is. However when it gets down to details, the Trump administration is asking for only $1 million more for the Bureau of Industry and Security (BIS) to pay for 19 new full-time positions in 11 regional offices.

> "BIS has identified areas that are high in export activity along with increased numbers of leads to possible export violations which BIS is not able to investigate. Everything from unwitting exporters shipping to unreliable recipients to sophisticated illicit diversion networks are increasing nationwide as the amount of exports grows. Since BIS agents cannot be everywhere, the Bureau has identifying hotspots comprised of concentrations of exporters of sensitive items," a Commerce budget brief noted.

To make up the difference, BIS will reallocate $4.8 million in FY 2018 to "areas that will enhance BIS's ability to advance U.S. national security, foreign policy, and economic objectives. BIS has realized these savings by incorporating strategic sourcing into the acquisition plan, reallocation of human capital, reducing duplicative activities, transferring IT to new more efficient capabilities that cost less," it said.

For the International Trade Administration (ITA), the administration is requesting an $8.4 million increase and 29 new positions, all in enforcement and compliance (E&C). The increase will help "establish a dedicated team to develop factual information and legal justification to self-initiate U.S. antidumping duty (AD) and countervailing duty (CVD) investigations, and to continue support for E&C's ability to investigate and address AD/CVD unfair trade allegations," the brief noted.

White House Cuts Funding for Overseas Projects

As was predicted in the administration's blueprint in March, the FY 2018 budget requests $7.8 billion for Commerce, a 16% ($1.5 billion) decrease from the 2017 annualized

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continuing resolution level (see **WTTL**, March 20, page 3). In addition, the budget cuts funding for the Export-Import Bank (Ex-Im) and eliminates funding for the U.S. Trade and Development Agency (USTDA) and the Overseas Private Investment Corporation (OPIC).

Industry groups denounced the budget cuts, especially Ex-Im Bank. "President Trump has made it a priority to support manufacturing jobs across the country, and this proposal would severely limit the Bank's ability to improve competitiveness of U.S. manufacturers through aggressive export financing," John Hardy, president of the Coalition for Employment through Exports (CEE), said in a statement.

> In a supplement to its budget request on "Major Savings and Reforms," the White House explained its elimination of USTDA funding, saying "its mission is more appropriately served by the private sector." The White House also initiated a "wind-down of OPIC funding starting in 2018 to reduce unnecessary Federal interventions that distort the free market. The wind-down of OPIC is also consistent with the President's commitment to focus less overseas and more domestically," it said in the budget supplement.

Also facing industry push-back were expected cuts to Agriculture's programs for the expansion of foreign markets: the Market Access Program (MAP) and the Foreign Market Development program (FMD). "Elimination of MAP and FMD completely ignores the global nature of our industry," American Soybean Association (ASA) President Ron Moore said in a statement. "Those programs are key to the work that soybeans and so many other crops conduct overseas to boost trade and trigger a multiplier effect that creates jobs and increased economic activity well beyond agriculture," he said.

Appeals Court Remands OFAC Sanctions Enforcement Case

In a case that could force enforcement agencies to be more diligent in proving a company had "reason to know" about potential reexports, the D.C. Circuit Court of Appeals May 26 affirmed in part and reversed in part a 2016 D.C. U.S. District Court ruling on a civil penalty Treasury's Office of Foreign Assets Control (OFAC) issued against Epsilon Electronics Inc. in Montebello, Calif.

In July 2014, Epsilon, also doing business as Power Acoustik Electronics, Sound Stream, Kole Audio and Precision Audio, agreed to pay OFAC $4,073,000 for violating Iran sanctions from August 2008 to May 2012 (see **WTTL**, July 28, 2014, page 8). Epsilon allegedly made 39 shipments of car audio and video equipment to Asra International in Dubai, "a company that reexports most, if not all, of its products to Iran," OFAC said. Epsilon made five of those shipments after it received a cautionary letter from OFAC in January 2012, the agency noted at the time.

"OFAC is authorized to impose civil penalties against any person who exports goods to a third party who it has reason to know intends to send them to Iran. The principal question raised by this appeal is whether OFAC must also show that the goods actually ended up in Iran," Judge Thomas Griffiths wrote for the three-judge appeals panel. "We agree with the agency that the government need not make that showing and affirm the district court on that ground. But we also conclude that OFAC did not adequately explain parts of its determination that the exporter here had reason to know that its shipments would be sent on to Iran," he added.

In its appeal of the OFAC civil penalty, Epsilon offered three challenges: first, the company contends that none of its 39 shipments to Asra were in violation of Iran sanctions; second, Epsilon claimed that the amount of the penalty assessed is not only arbitrary and capricious, but also an "excessive fine" forbidden by the Eighth Amendment; and third, the company argued that its due process rights were violated because it had insufficient notice of the evidence that OFAC intended to rely on.

> OFAC originally "found that none of Epsilon's violations was voluntarily disclosed, and that the last five shipments, made after Epsilon received OFAC's January 2012 cautionary letter, were egregious," the judge wrote. "Epsilon … was properly found liable for violating section 560.204 if it had reason to know that its shipments to Asra were specifically intended for reexport to Iran, regardless of whether Asra treated those shipments as 'general inventory,'" he added.

The district court's order is affirmed in part and reversed in part, Griffiths noted. The order is affirmed as to OFAC's determination that Epsilon's 34 shipments to Asra International between August 2008 and March 2011 violated Iran sanctions. The order is reversed as to OFAC's determination that Epsilon's five shipments to Asra International in 2012 violated the same regulation.

"The case is remanded to the district court, with instructions to remand the matter to OFAC for further consideration of the five alleged 2012 violations, and of the total monetary penalty imposed for all liability findings, in a manner consistent with this opinion," Griffiths wrote. Senior Circuit Judge Laurence Silberman concurred in part and dissented in part.

Steel Industry Calls for Import Protection

As could be expected, executives representing the U.S. steel industry testified May 24 that the government should broadly protect domestically produced steel items on national security grounds, while foreign governments and industries reliant on steel imports argued that industry currently meets U.S. defense needs.

At the public hearing for Commerce's Section 232 investigation of steel imports on national security – an investigation Commerce Secretary Wilbur Ross said will be completed by the end of June – industry executives said cheap steel imports have decimated their profitability and in turn their ability to meet national security needs.

"Unfortunately, global overcapacity and unfairly traded imports threaten our ability to invest. Production overcapacity in the steel industry has reached crisis levels," said Nucor CEO John Ferriola.

Barbara Smith, president and COO of Commercial Metals Co. (CMC), testified that competition from China, Taiwan, Japan, Turkey and Mexico has forced her company to shut down close to 30 U.S. locations since 2008 and has adversely impacted CMC's ability to invest in its micro mill in Arizona and to build a new mill in Oklahoma.

"If CMC cannot continue to invest, it won't be able to produce the armor plate we need for army vehicles and other military applications, the specialized plate and bar products required for the transportation energy construction and mining sectors, or the rebar needed for every kind of infrastructure application," she testified. "This story is being repeated throughout our industry and I'm afraid that the United States is nearing the point where we will be depending on other countries for the steel products essential to our national security. This is a very dangerous proposition," Smith added.

> On the other side, steel buyers said that restricting imports would hurt their U.S.-based businesses. Tracy Norberg, senior vice president & general counsel for the Tire Manufacturers Association, testified that U.S. steel makers cannot produce the wire rod needed for tires. Robert Budway, president of the Can Manufacturers Institute, likewise said that domestic steel companies cannot meet the demand for tin plate used in can production. Budway noted that in 2016 the demand was 12.1 million tons, but domestic supply was 1.2 million tons.

Representatives from Russia and Ukraine each asked for carve-outs for their countries' exports to the U.S. China, the main target of criticism from U.S. producers, sent Ministry of Commerce First Secretary Yu Gu to argue on its behalf. "There is no evidence that steel imports threaten to impair U.S. national security," said Yu, noting that just 3% of total U.S. domestic steel shipments go to homeland security. Furthermore, Yu testified that steel imports have declined by more than 25% since 2014, due to antidumping duty orders and trade remedy cases filed by the U.S.

Senate Committee Approves Iran Sanctions Bill

The Senate Foreign Relations Committee May 25 passed the most sweeping Iran sanctions since the Joint Comprehensive Plan of Action (JCPOA) was agreed to in 2015, approving the Countering Iran's Destabilizing Activities Act of 2017 (S. 722) in an 18-3 vote after some modifications. The full Senate is expected to take up the legislation next month.

The bill imposes mandatory sanctions on persons involved with Iran's ballistic missile program and persons who transact with them; applies terrorism sanctions to the Islamic Revolutionary Guard Corps (IRGC) and codifies individuals currently sanctioned due to Iranian backed terrorism; and requires the president to block property of any persons or entity involved in activities related to the supply, sale or transfer of prohibited arms and related material to or from Iran. Per the terms of the JCPOA, the U.S. cannot impose nuclear-related sanctions on Iran as long as the Islamic Republic sticks to the agreement, which the president certified is being upheld (see **WTTL**, May 22, page 4).

The legislation originally imposed sanctions upon anyone the president determines "poses a risk of materially contributing" to Iran's ballistic missile program, which was revised to include anyone who "knowingly" contributes. Other language pertaining to ballistic missile sanctions was altered so as not to violate the terms of the JCPOA. An amendment to modify the bill's IRGC provision failed as only four members of the committee voted in its favor.

"Today's bipartisan Committee passage of Iran legislation underscores Congress' role in articulating a roadmap for pushing back on Iran's aggressive actions. The Iranian regime, and its clients and proxies, should take from this legislation that while we will continue to fulfill U.S. obligations pursuant to the JCPOA. However, we remain committed to pushing back on Iran's ballistic missile program, support for terrorism, violations of the arms embargo, and human rights abuses against its own citizens," bill sponsor Sen. Ben Cardin (D-Md.), one of the few Democrats to vote against the Iran nuclear agreement, said in a statement.

Voting on the act was delayed until after the Iranian elections, when moderate President Hassan Rouhani won reelection. Former Secretary of State John Kerry, who pushed for JCPOA, spoke out against additional sanctions. "After Rouhani's re-election, there is much up in the air/room for misinterpretation," and "This is not the moment for a new Iran bill," Kerry tweeted.

TPP-11 Will Proceed Without U.S.

The Trans-Pacific Partnership (TPP) will move forward without the U.S., 11 of the original signatories announced after meeting on the sidelines of the Asia-Pacific Economic Cooperation (APEC) trade ministers' meeting May 21. The ministers "agreed on the value of realising [sic] the TPP's benefits and to that end, they agreed to launch a process to assess options to bring the comprehensive, high quality Agreement into force expeditiously, including how to facilitate membership for the original signatories."

Senior trade officials from those countries now must complete assessments before the APEC Economic Leaders Meeting Nov. 10-11 in Da Nang, Vietnam. The ministers further highlighted their vision to include other economies "that can accept the high standards of the TPP" in the future.

The TPP-11, as the group is being called, includes Australia, Brunei, Canada, Chile, Japan, Mexico, New Zealand, Malaysia, Peru, Singapore and Vietnam. The U.S. withdrew from the multilateral deal early in the Trump presidency (see **WTTL**, May 22, page 8).

Lighthizer Spars with Asia-Pacific Countries

During his first trip abroad as U.S. Trade Representative (USTR), Robert Lighthizer sparred with his counterparts at the Asia-Pacific Economic Cooperation (APEC) trade ministers' meeting in Vietnam May 20-21. A planned joint statement was scrapped over U.S. objections to language pushing back on "protectionist trends."

Instead, the ministers released a bullet-point "Actions Statement" and the chairman of the talks, Vietnamese Trade Minister Tran Tuan Anh, released a separate joint statement. Though the global economy is gaining momentum, "in some of our communities there are increasing numbers of people questioning the benefits of globalization and free trade, spurring protectionist trends that could have strong impacts on the process of global economic recovery and economic integration," said the chair. "Therefore, strengthened and coordinated efforts at multi-layer levels are urgently needed to create a more resilient global and regional economy with sustainable, inclusive and innovative growth," he added.

> The joint actions include: deepening regional economic integration; promoting sustainable, innovative and inclusive growth; developing human resources in the digital age; strengthening micro, small and medium enterprises' competitiveness and innovation in the digital age; enhancing food security strengthening economic and technical cooperation; APEC towards 2020 and beyond.

"It was important to me to come to APEC first and foremost to reaffirm the president's strong commitment to promoting bilateral free and fair trade throughout the Asia-Pacific region," Lighthizer said in a statement. To that end, Lighthizer held meetings with ministers from Canada, Japan, Mexico, Vietnam, China and Australia.

"APEC provides a great opportunity to focus energy on the barriers to its stated objective of free and open trade – a goal that cannot be met without tackling trade-distorting measures that have led to massive U.S. trade imbalances in the region. I look forward to working with our trade partners to expand U.S. export market access and address persistent unfair trade practices," added Lighthizer.

Mexico Gets Formal Permission to Retaliate in Tuna Dispute

Mexico got the formal go-ahead to retaliate against the U.S. in the countries' ongoing tuna labeling dispute, the World Trade Organization's (WTO) Dispute Settlement Body (DSB) ruled May 22. In addition to the Mexico fight, the U.S. was the focus of much of the DSB meeting concerning other disputes with India, Turkey and China.

The DSB granted approval for Mexico to impose up to $163.23 million per year in retaliatory tariffs on imported U.S. goods. A WTO arbitrator had previously given Mexico the green light (see **WTTL**, May 1, page 1). The retaliation comes in response to the U.S. failure to comply with a WTO ruling that found "dolphin safe" labeling requirements for tuna products inconsistent with WTO rules.

At the same meeting, the DSB agreed to establish a compliance panel in the ongoing poultry dispute between the U.S. and India, per India's request. The U.S. blocked India's first request (see **WTTL**, April 24, page 9). India claims that its revised aviation influenza measures, adopted between mid-2016 and February 2017, have brought the country into compliance with a previous WTO ruling concerning the import of U.S. poultry products. The U.S. said that India continues to ban U.S. poultry products, hence the U.S. request for retaliation. Six delegations expressed concerns about sequencing, arguing that compliance proceedings should occur before a request for retaliation.

> The U.S. also blocked Turkey's request to establish a WTO panel to rule on preliminary and final countervailing duty measures imposed on certain oil country tubular goods (OCTG), welded line pipe, heavy walled rectangular welded carbon steel pipes and tubes and circular welded carbon steel pipes and tubes from Turkey. The two countries held consultations April 28 but did not resolve the dispute.

The DSB adopted the panel ruling, as amended by the Appellate Body, in the U.S.-China dispute over Commerce antidumping methodologies (see **WTTL**, May 15, page 5). The U.S. welcomed the Appellate Body's decision but had serious concerns with the panel's findings on targeted dumping and use of a single antidumping rate for exporters controlled by China's government.

Yet again, the DSB failed to agree upon procedures to select two new Appellate Body members. The final terms for Ricardo Ramirez Hernandez and Peter Van den Bossche expire June 30 and December 11, respectively. The next regular DSB meeting will occur June 19.

Fewer Small- and Medium-Size Firms Are Exporting

Efforts to get more small- and medium-size (SME) companies to become involved in exporting look to have failed in 2015, according to new data released by the Census Bureau. The number of exporting SMEs decreased by 3.5% from 2014 (from 298,200 in 2014 to 287,800 in 2015),while the number of large companies, defined as having 500 or more employees, increased slightly by less than 0.1% , from 6,968 to 6,999, Census said in its "Profile of U.S. Importing and Exporting Companies, 2014 – 2015."

Using the number of locations a firm operated as a gauge, the report found that 9.3% of all known exporters in 2015, the latest period for which data are available, (27,300) were multiple-location companies but accounted for 76.2% of the known exports by value. In contrast, 267,500 single-location companies made up 90.7% of exporting companies but contributed 23.8% of known exports by value.

On the import side in 2015 the picture looked the same with 10.1% of all identified importers having multiple locations but accounting for 76.6 % of the known import value. Single-location companies made up 89.9% of importing companies but contributed just 23.4% of known import value.

Overall, large identified companies were responsible for 67.1% of known export value and 68.0% of known import value. They represented only 2.4% of all identified exporters and 2.8% of all known importers. In the manufacturing sector, the dominance of large firms was even greater, with large manufacturers (2,644) representing just 3.6% of all manufacturing exporters but accounting for 79.7% of manufacturing export value ($636 billion of $798 billion), the report states.

CEOs Clash over Border Adjustment Tax

Target CEO Brian Cornell and Juan Luciano, president and CEO of Archer Daniels Midland, offered glaringly opposed testimony at a House Ways and Means Committee hearing May 23 on a border adjustment tax. Cornell vehemently opposes Rep. Kevin Brady's (R-Texas) pet project, while Luciano supports it.

Under Chairman Brady's proposal, imports would be taxed at 20% while exports would be exempted (see **WTTL**, Feb. 6, page 4). Cornell testified that such a tax would nearly double the retailer's tax rate to 75%, hurting Target's ability to open new stores and hire workers. "Under the new border adjustment tax, American families – your constituents – would pay more so many multinational corporations can pay even less" he said at the hearing on increasing U.S. competitiveness.

> "It's pretty simple math. If the government takes nearly four out of every five dollars we make, four out of five, there's no capital to invest and no prospects for growth. And that matters a lot, both to us and to the American economy," he added.

Luciano, whose company exports while Target is a major importer, testified in favor of the border adjustment tax. "A competitive tax code will help us continue providing American-made food and feed to our customers in the United States and abroad in the face of robust and, from a tax perspective, ever strengthening competition from abroad," said Luciano.

Interestingly, William Simon, former Wal-Mart CEO, testified in favor of the tax, in stark contrast to his former employer that opposes the tax. Economist Kimberly Clausing criticized the tax, calling it "an untested tax reform that is not ready for primetime." Republican lawmakers worried that the proposed tax could hurt small businesses, and it remains to be seen if tax reform will be a priority this session or if the majority will just move ahead with tax cuts.

* * * Briefs * * *

<u>FLANGES</u>: In 4-0 final vote May 24, ITC found U.S. industry is materially injured by dumped imports of finished carbon steel flanges from Spain. Commissioner F. Scott Kieff did not participate in vote.

<u>TOOL CHESTS</u>: In 5-0 preliminary vote May 25, ITC found U.S. industry may be injured by allegedly dumped imports of tool chests and cabinets from China and Vietnam and subsidized imports from China.

DDTC: In Federal Register May 26, DDTC requested public comments on updated advisory opinion form (DS-7786). DDTC requested comments on previous iteration of form in September and received two responses (see **WTTL**, Sept. 19, 2016, page 3). Updates include exhaustive list of countries and territories, functional sub-category field and revised instructions. Comments are due June 26.

ENTITY LIST: In May 26 Federal Register BIS added 16 persons in Pakistan, Turkey and UAE to Entity List. One Pakistani entity, Makkays Hi-Tech Systems, and two in UAE, Euromoto Middle East FZE and its owner, Talaat Mehmood, were added for supplying U.S.-origin items without necessary licenses to Pakistan's Advanced Engineering Research Organization (AERO), which was added in September 2014 (see **WTTL**, Sept. 22, 2014, page 8). For another entity in Pakistan -- KMA International Import and Export Co.—"information is available indicating that the company is acting and procuring items" on behalf of Abdul Qader Khan Research Laboratories, which was added to Entity list in November 1998. Rule also modified two existing entries in China and Hong Kong by adding one name and identifying previously listed name as alias.

EXPORT ENFORCEMENT: Seven people, including four U.S. citizens, Canadian and two Chinese nationals, were charged May 24 in D.C. U.S. District Court with conspiracy to commit theft of trade secrets involving development of syntactic foam, dual-use marine product. Between 2012 and present, Chinese manufacturer and employees of its Houston-based company allegedly engaged in systematic campaign to steal trade secrets of global engineering firm, "Company A," multi-national company with subsidiary in Houston. Day before, two defendants were arrested in Washington, three in Texas and one in Massachusetts. Charges also were filed against one Chinese national living in China.

MORE EXPORT ENFORCEMENT: Si Chen, also known as Cathy Chen, Chinese national living in Pomona, Calif., was arrested May 23 on 14 charges of conspiring to procure and illegally export sensitive space communications technology, including amplifiers and components commonly used in military communications "jammers," to China from March 2013 to December 2015 without Commerce licenses. Indictment was handed down in Los Angeles U.S. District Court April 27. Chen remains in custody. She is also charged with conspiracy, money laundering, making false statements on immigration application, and using forged passport.

EVEN MORE EXPORT ENFORCEMENT: Gregory Allen Justice, of Culver City, Calif., pleaded guilty May 22 in Los Angeles U.S. District Court to charges of economic espionage and violating Arms Export Control Act. Justice was arrested July 7 and has been in custody since (see **WTTL**, July 18, 2016, page 10). In March 2016, Justice allegedly provided sensitive satellite materials to person that he believed was Russian government agent, when in fact that person was undercover FBI employee. "The information was technical data, i.e., a defense article or related to a defense article listed on the USML," plea agreement said. Justice worked for cleared defense contractor as engineer on military and commercial satellites, plea agreement noted. Sentencing is set for Sept. 18.

STILL MORE EXPORT ENFORCEMENT: Abelardo Delmundo of Toms River, N.J., was sentenced May 22 in Camden, N.J., U.S. District Court to six months in prison followed by three years' supervised release and $2,000 fine. He pleaded guilty in April 2015 to conspiracy to violate Arms Export Control Act by shipping $200,000 worth of firearms parts, including rifle barrels, to Philippines without State licenses. Philippine national Kirby Santos was sentenced in October 2016 in same court to 24 months in prison followed by three years' supervised release and $2,400 fine for his role in scheme (see **WTTL**, Oct. 31, 2016, page 6). He pleaded guilty in October 2015.

Codefendant Jedrek Ong of Lynnwood, Wash., was sentenced day before Santos to 12 months in prison, followed by three years' supervised release, for same charge. He pleaded guilty in February.

CBP: President Trump May 22 nominated Kevin K. McAleenan to be Customs and Border Protection (CBP) commissioner. McAleenan has served as deputy commissioner since 2014 and currently is agency's acting commissioner. President announced intent to nominate McAleenan in March (see **WTTL**, April 3, page 10).

NORTH KOREA: Reps. Adam Schiff (D-Calif.) and Joe Wilson (R-S.C.) May 25 introduced bipartisan North Korea Travel Control Act (H.R. 2732), which would require Treasury to require licenses for transactions related to travel to, from and within North Korea by American citizens. Bill also provides that no licenses may be issued for tourist travel. "Given North Korea's continuing destabilizing behavior and their demonstrated willingness to use American visitors as bargaining chips to extract high level meetings or concessions, it is appropriate for the United States to take steps to control travel to a nation that poses a real and present danger to American interests," Schiff said in statement.

CUBA: Sens. Jeff Flake (R-Ariz.) and Patrick Leahy (D-Vt.) May 25 introduced Freedom for Americans to Travel to Cuba Act of 2017 (S.1287). Bill, which is cosponsored by 52 other senators, would eliminate restrictions on travel to Cuba by American citizens and legal residents. Bill would also end legal prohibitions on travel-related transactions, including banking transactions. Same day, Sen. Amy Klobuchar (D-Minn.) and 13 bipartisan cosponsors introduced Freedom to Export to Cuba Act of 2017 (S. 1286), which would eliminate legal barriers to Americans doing business in Cuba. Bill does not repeal portions of law that address human rights or property claims against Cuban government.

NOMINATIONS: White House May 25 sent three Commerce nominees to Senate: Richard Ashooh to be BIS Assistant Secretary; Gilbert Kaplan for under secretary for international trade; and Karen Dunn Kelley for under secretary for economic affairs (see **WTTL**, April 17, page 7). Ashooh is currently director of economic partnerships at University System of New Hampshire. He previously worked at BAE Systems and ran for Congress in 2016, but lost in Republican primary. White House also withdrew nomination of James Donovan to be deputy Treasury secretary, which was sent to Senate May 16.

CHINA: Terry Branstad was sworn in as U.S. ambassador to China May 24 after resigning as Iowa governor. Senate confirmed Branstad May 22 in 82-13 vote. He is personal friend of Chinese President Xi Jinping (see **WTTL**, May 8, page 1).

TREASURY: True to their word, several Democrats on Senate Banking Committee voted against Treasury under secretary for terrorism and financial crimes nominee Sigal Mandelker (see **WTTL**, May 22, page 4). Sens. Sherrod Brown (Ohio), Mark Warner (Va.) and Elizabeth Warren (Mass.) and others voted against Mandelker over objections that Treasury is taking too long to turn over documents related to Russia investigation. Full committee voted 16-7 on Mandelker's nomination. At same time, committee approved BIS under secretary nominee Mira Ricardel in voice vote.

WORLD TRADE WEEK: President Trump declared May 21-27 World Trade Week and in proclamation May 19 encouraged Americans "to observe this week with events, trade shows, and educational programs that celebrate the benefits of trade to our country."

AGRICULTURE: In white paper released May 25 National Pork Producers Council (NPPC) argued that "one thing a renegotiation of NAFTA (or its failure) must not do is to scuttle it" because "disrupting U.S. agricultural exports to Mexico and Canada would have devastating consequences for our farmers and the many American processing and transportation industries and workers supported by these exports." USTR Robert Lighthizer said May 24 that he and Agriculture Secretary Sonny Perdue will protect market access for U.S. agricultural products in NAFTA negotiations.

NAFTA: In Federal Register May 23 USTR requested public comments on "matters relevant to the modernization of NAFTA in order to inform development of U.S. negotiating positions." Office noted 17 specific topic areas for comment, including labor, environment, services, digital trade, investment, government procurement, and small and medium-sized businesses. USTR formally notified Congress of modernization efforts May 18 (see **WTTL**, May 22, page 1). Agency will hold public hearing June 27 and comments are due June 12.

CITRUS: U.S. Citrus Science Council May 18 announced lawsuit against USDA over implementation of rule allowing Argentine lemon imports. USDA's Animal and Plant Health Inspection Service (APHIS) rule allowing imports of Argentine lemons, previously blocked because of pest concerns, went into effect May 26. "Nothing in the Act authorizes APHIS, at the behest of the president, to convert import decisions into bargaining chips to achieve unrelated foreign policy objectives. Yet that appears to be exactly what happened here," reads complaint. Lawsuit asks U.S. District Court for Eastern District of California to overturn import rule and block shipments of lemons, arguing USDA is violating Plant Protection Act and Administrative Procedure Act by failing to allow public review of information gathered during USDA 2015 trip, which APHIS used as justification for lifting ban.

EU: U.S. and EU leaders in Brussels May 25 agreed that there should be deepening of "strong economic relationship" and discussed need to protect American and EU industries from unfair competition, according to White House readout. No word on whether Transatlantic Trade and Investment Partnership (TTIP) will be revived, though President Trump agreed to setting up U.S.-EU "action plan" on trade.