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U.S., UK Will Tackle Steel, Aluminum Tariffs

This is beginning to sound familiar. Months after a similar deal with the European Union (EU) and ongoing talks with Japan, the Biden administration Jan. 19 launched bilateral discussions with the United Kingdom (UK) to resolve disputes over the application of Section 232 steel and aluminum tariffs.

Less than two weeks after sealing the EU deal, the administration in November turned its attention to Japan, announcing the start of consultations with Tokyo (see **WTTL**, Nov. 15, 2021, page 1). The U.S. and EU announced a deal to suspend steel and aluminum tariffs during the G20 meeting in October.

The U.S. and the UK “are committed to working towards an expeditious outcome that ensures the viability of steel and aluminum industries in both markets against the continuing shared challenge of global excess capacity and strengthens their democratic alliance,” U.S. Trade Representative (USTR) Katherine Tai and Commerce Secretary Gina Raimondo said in a joint statement.

During a virtual meeting, Raimondo and UK Trade Minister Anne-Marie Trevelyan agreed that as “close and long-standing partners, sharing similar national security interests as democratic market economies, they can partner to promote high standards, address shared concerns and hold countries that practice harmful market-distorting policies to account,” the joint statement noted.

Support for Solar Tariffs Crosses Senate Aisle

Support and opposition for solar tariffs knows no party lines. Senators from both parties sent two letters to President Biden Jan. 20: one supporting an extension of the Section 201 safeguard tariffs on imported solar panels and cells, the other urging an end to the duties when they expire Feb. 7. A week earlier, Justice appealed a Court of International Trade

(CIT) ruling (Slip op. 21-154) reinstating the exclusion of imported bifacial solar modules from Section 201 safeguard tariffs and reducing the tariff rate from 18% to its original 15% (see **WTTL**, Jan. 17, page 4). CIT issued its ruling in November.

Sens. Marco Rubio (R-Fla.), Mike Braun (R-Ind.), Bob Casey (D-Pa), Roger Marshall (R-Kan.), Rob Portman (R-Ohio) and Sherrod Brown (D-Ohio) argued for keeping the tariffs. “We do not accept the premise that the only way for our country to invest in renewable energy sources is to remain dependent on Chinese-produced and other imported goods. In fact, we can reduce emissions by fostering increased capacity for domestic solar cell and module manufacturing,” the senators wrote.

On the other side, eight senators urged the president to let the tariffs expire. “At a minimum, we ask that you retain the Section 201 tariff exclusion for bifacial solar panels and not apply the tariffs to imported solar cells. Such actions will support good-paying jobs in the clean energy sector here in the United States and promote investments in clean, renewable energy,” Sens. Jacky Rosen (D-Nev.), Jerry Moran (R-Kan.), Brian Schatz (D-Hawaii), Thom Tillis (R-N.C.), Sheldon Whitehouse (D-R.I.), Martin Heinrich (D-N.M.), Dianne Feinstein (D-Calif.) and Michael Bennet (D-Colo.) wrote.

Blumenauer Introduces Bill to Close Import Loophole

Taking aim at the “Amazon economy,” Rep. Earl Blumenauer (D-Ore.) Jan. 18 introduced a bill (H.R. 6412) that would exclude products from non-market economy countries and products that are subject to certain enforcement actions, such as Section 301 and 232, from the \$800 de minimis import threshold.

“As long as foreign companies that sell their goods in America are splitting up their shipments to evade tariffs and oversight, American businesses will continue to be put at a competitive disadvantage cost-wise,” he said in a statement. “This loophole also makes it easier for people to import illegal goods and harmful products, because there is virtually no way to tell whether these packages contain products made through forced labor, intellectual property theft, or are otherwise dangerous,” Blumenauer added.

Union and domestic industry groups applauded the bill. “Originally meant for low-value goods, multinational corporations addicted to profiting off of cheap Chinese imports successfully lobbied to increase the de minimis limit to \$800 in 2016. As a result, multinational importers of subquality—and often harmful—Chinese goods have exploited de minimis to create a direct from Chinese manufacturer to U.S. consumer business model that has seen an explosion of more than 2 million packages per day,” said Coalition for a Prosperous America CEO Michael Stumo.

In a blog post, CSIS Senior Adviser Bill Reinsch said the bill’s “narrower, more targeted approach” creates its own issues. He noted that several other countries on the Commerce list of non-market economies, such as Georgia, Moldova and Vietnam are “strategically

important” for the U.S. “If we want to continue to work with those countries and also move them in a market-oriented direction, making it harder for their imports to enter the United States may not be the best move,” Reinsch wrote.

In addition, treating WTO members differently “is inconsistent with the national treatment principle. Treating countries differently also encourages those being treated more harshly to redirect their shipments through a third country that has not been penalized, which creates a significant new enforcement challenge,” he added.

President Biden Hesitates on China Purchase Commitments

In a wide-ranging press conference Jan. 19, President Biden addressed two subjects near and dear to practitioners’ hearts: tariffs on Chinese products and potential sanctions on Russia. Despite many industry groups urging him to reverse the previous administration’s tariff policies, the president would not commit to lifting the duties.

“The answer is uncertain. It’s uncertain,” he said. “I’d like to be able to be in a position where I can say they’re meeting the commitments, or more of their commitments, and be able to lift some of it. But we’re not there yet,” President Biden added.

In advance of the second anniversary of the phase-one China trade deal, unions and labor groups a week earlier called on the administration to move beyond the purchase commitments in the deal. In addition, they called on President Biden to leave in place import tariffs and work with allies (see **WTTL**, Jan. 17, page 3).

On Russia sanctions, he emphasized the need to have allies’ cooperation. “The serious imposition of sanctions relative to dollar transactions and other things are things that are going to have a negative impact on the United States, as well as a negative impact on the economies of Europe as well, and a devastating impact on Russia. And so, I’ve got to make sure everybody is on the same page as we move along,” the president said.

In December, National Security Advisor Jake Sullivan “affirmed the U.S. commitment to continued close coordination, noting that our unity with Allies and partners is our greatest strength and that we will not make any decisions related to their security without them” (see **WTTL**, Dec. 20, page 8).

* * * Briefs * * *

EXPORT ENFORCEMENT: Kambiz Attar Kashani, dual Iranian-U.S. citizen who resides in UAE, was arrested Jan. 14 and charged in Brooklyn U.S. District Court with conspiracy to illegally export U.S. goods, technology and services, including two subscriptions to proprietary computer software program, several fixed attenuators, two subscriptions to operating software, six power supplies and several storage systems, to end users in Iran, including Central Bank of Iran (CBI).

VENEZUELA: OFAC Jan. 20 issued GL 5I delaying effectiveness until Jan. 20, 2023, of authorization of licenses applicable to holders of Petroleos de Venezuela, S.A. (PdVSA) 2020 8.5% bond.

BARIUM CHLORIDE: Chemical Products Corporation (CPC) filed countervailing and anti-dumping duty (AD) petitions Jan. 12 with ITA and ITC against imports of barium chloride from India. In October 2015, ITC decided in 6-0 “sunset” vote that revoking antidumping duty order on barium chloride from China would renew injury to U.S. industry (see **WTTL**, Oct. 19, 2015, page 9).

SODIUM NITRITE: Chemtrade Chemicals US LLC filed countervailing and AD petitions Jan. 13 with ITA and ITC against imports of sodium nitrite from India and Russia. In 5-0 “sunset” vote in July 2019, ITC said revoking antidumping duty orders on imports from China and Germany and countervailing duty order on imports of product from China would renew injury to U.S. industry (see **WTTL**, July 15, 2019, page 5).

AGOA: Rep. Richard Neal (D-Mass.) Jan. 19 requested that ITC conduct Section 332 investigation on African Growth and Opportunity Act (AGOA) program “in general and its usage. The report should also provide industry case studies to better understand the relative competitiveness of each sector and its impact on workers, economic development, and poverty reduction,” request said. Neal specifically called out cotton, apparel, certain chemicals and cocoa sectors.

PIPE FITTINGS: In 5-0 “sunset” votes Jan. 20, ITC said revoking AD orders on carbon steel butt-weld pipe fittings from Brazil, China, Japan, Taiwan and Thailand would renew injury to U.S. industry.

RUSSIA: OFAC Jan. 20 designated four individuals engaged in Russian government-directed influence activities to destabilize Ukraine, including two current Ukrainian Members of Parliament, former Ukrainian official who fled Ukraine to seek refuge in Russia, and former deputy secretary of Ukrainian National Security and Defense Council. “The four individuals have played various roles in Russia’s global influence campaign to destabilize sovereign countries in support of the Kremlin’s political objectives,” agency said.

NOMINATIONS: Senate Banking Committee Jan. 19 re-approved slew of nominations, including Owen Herrstadt to be Export-Import (Ex-Im) Bank board member; Reta Jo Lewis to be Ex-Im Bank president; Judith DelZoppo Pryor to be Ex-Im first VP; and Arun Venkataraman to be Commerce assistant secretary and director general of U.S. and Foreign Commercial Service. Lewis vote was 13-11; all other nominees were approved by voice vote. Six days earlier, Judiciary Committee advanced Leonard Stark to be Court of Appeals for Federal Circuit (CAFC) judge in 16-6 vote. President Biden sent nominations back to Senate earlier in January (see **WTTL**, Jan. 10, page 5).

CHINA: State in Federal Register Jan. 21 imposed sanctions on three Chinese companies that “have engaged in missile technology proliferation activities” and their sub-units and successors: China Aerospace Science and Technology Corporation (CASC) First Academy, China Aerospace Science and Industry Corporation (CASIC) Fourth Academy and Poly Technologies Incorporated (PTI). Measures include: denial of all new individual export licenses, denial of all U.S. government contracts, and ban on imports from sanctioned entities. Chinese Foreign Ministry spokesperson Zhao Lijian denounced move. “China’s normal cooperation with relevant countries does not violate any international law or involve proliferation of WMDs,” he said.