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India Membership on Menu at Nuclear Group Plenary

One of the lingering issues in the Nuclear Suppliers Group (NSG) over the past several years is India's membership in the fourth multilateral export regime. At the plenary meeting held June 24-25 after a year off, the group "continued to consider all aspects of the implementation of the 2008 Statement on Civil Nuclear Cooperation with India and discussed the NSG relationship with India," according to the public statement issued at the end of the meeting.

India joined the Australia Group (AG) on chemical and biological weapons in January 2018 (see **WTTL**, Jan. 22, 2018, page 1). In his first official speech a week prior, then-U.S. Ambassador to India Kenneth Juster, who previously served as BIS under secretary, repeated support for the country's participation in all four multilateral control regimes including the remaining Nuclear Suppliers Group. India joined the Wassenaar Arrangement in December and the Missile Technology Control Regime in June 2016.

"The Plenary also called on all states to fully implement all UNSC [UN Security Council] resolutions relevant to the work and purposes of the NSG, to exercise utmost vigilance, and to make every effort to ensure that none of their exports of goods and technologies contribute to nuclear weapons programs," the statement added.

In addition, participants "continued to welcome that numerous non-NSG participants have harmonized their national export control systems with the NSG Guidelines and control lists," it added. The NSG also exchanged views on "several proposals to clarify and update the NSG control lists," the statement said.

USMCA Birthday Draws Praise, Looks to Future

The trade ministers of the three North American partners are getting the band back together, announcing they will meet in Mexico City July 7 to celebrate the first anni-

versary of the U.S.-Mexico-Canada trade agreement (USMCA). “The ministers will exchange views on the achievements reached during the agreement’s first year and discuss opportunities to ensure the long-term growth and competitiveness of the region,” the U.S. Trade Representative’s (USTR) office said.

The day before that meeting, Canadian Trade Minister Mary Ng will meet separately in Washington with USTR Katherine Tai and U.S. and Canadian building trades unions “to discuss ongoing work to keep supply chains open and resilient, and opportunities to ensure a strong, sustainable, inclusive economic recovery through trade,” the Canadian Foreign Ministry announced.

During a virtual event June 30 with her two counterparts, Ng and Mexican Economy Secretary Tatiana Clouthier, Tai suggested forced labor as a “good next step in this increased cooperation.” Specifically, the USMCA “includes a strong obligation to prohibit the importation of goods produced with forced labor. Working together to address this critical economic and moral issue would send a powerful message to the world,” she added.

Calling in Homeland Security, Commerce and Labor, the Biden administration took coordinated action a week earlier against Chinese imports produced with forced labor in the Xinjiang region (see **WTTL**, June 28, page 1).

Tai also said the deal could provide a template for future agreements. “Only with close partnership with businesses and labor organizations, and after a most unlikely ‘collaboration’ between congressional Democrats and the Trump administration, did the re-negotiated USMCA emerge as a better deal for workers and a new model for trade agreements able to secure a broad base of support,” she told the event.

Lawmakers and industry groups also welcomed the anniversary, but they emphasized the importance of enforcement and future updates. “One year since its entry into force, the landmark deal is already proving to be the modern, pro-worker agreement our hemisphere needs. Now, we must aggressively enforce the agreement to ensure that the USMCA fulfills its potential to provide for greater job security, higher wages, and, more broadly, a stronger U.S. economy,” Rep. Richard Neal said in a statement.

“Fully implementing USMCA will benefit all Americans and support increased regional competitiveness, employment and growth across North America. We urge all three governments to meet all their commitments, leverage the new innovative rules and work through the USMCA committees to accelerate the economic recovery, strengthen supply chain resilience and advance a forward-looking competitiveness agenda for North America,” said Business Roundtable President & CEO Joshua Bolten.

Trade Agreements Provide Small Boost to Economy, ITC Says

Correlation is not causation, or so they say. Free trade agreements (FTAs) have had only a small, positive effect on the U.S. economy, according to an International Trade Commis-

sion (ITC) report published June 29. In 2017, exports increased by \$37.4 billion (1.6%), and imports increased by \$95.2 billion (3.4%), the report found. In addition, FTAs led to a 0.5% increase in U.S. real GDP and a 0.3% increase in aggregate U.S. employment. “The Commission also finds, however, that the gains in jobs were not distributed evenly, with the biggest gains in employment estimated for college-educated male workers,” it noted.

“Gains were concentrated in management, business, and science occupations and services and technician occupations. Some industries in the manufacturing sectors lost a substantial number of jobs, while industries in services sectors experienced job gains,” the ITC found.

On digital trade provisions and the services sector, “the inclusion of these provisions has a positive effect on services trade, and the positive effect increases in sectors that are more digitally intensive,” the ITC noted. Specifically, “the Commission’s gravity model analysis of digital trade provisions estimated that overall, an FTA that includes a prohibition on duties on electronic transmissions has a positive and significant effect on trade in multiple services sectors,” it added.

The ITC report also highlighted the impact of the 2018 modification to the U.S.-Korea Free Trade Agreement (KORUS) on the U.S. light truck industry. “In the absence of the modification, light trucks exported from Korea would have gained duty-free access to the U.S. market beginning in 2021. The Commission finds that the modification to KORUS led to small increases in the number of U.S. trucks sold to Korea and in the profitability of U.S.-based truck producers,” it said.

In an addendum to the report, ITC Chair Jason Kearns wove a cautionary tale, urging the trade community to “fundamentally rethink” how to assess the impact of trade agreements. “Too often, economic analysis of provisions in our trade agreements focuses too narrowly on the quantifiable expansion in trade, as if trade expansion is an end in itself, rather than a means to achieve the broader objectives articulated in our trade agreements, such as higher standards of living. While the impacts of trade agreements on things like living standards are harder to measure, doing so should be our goal.”

For the report, the ITC considered the Uruguay Round Agreements, NAFTA, the U.S.-Mexico-Canada Agreement (USMCA), and U.S. free trade agreements with Australia, Bahrain, Canada, Chile, Colombia, the Dominican Republic and five Central American countries (Costa Rica, El Salvador, Guatemala, Honduras and Nicaragua), Israel, Jordan, Korea, Morocco, Oman, Panama, Peru and Singapore.

Exporters Need More Flexible, Responsive Ex-Im Bank

The Export-Import Bank (Ex-Im) June 30 acknowledged that four years out of the export financing market and a global pandemic has taken a toll on its competitiveness against foreign export credit agencies (ECAs). However, with a seven-year reauthorization and a full board quorum, exporters hold out hope that the bank’s products and expertise will

change that dynamic. “Flexibility during difficult situations also afforded several ECAs a competitive standing with borrowers and exporters going forward. For Ex-Im specifically, its trajectory over the past several years strained exporter confidence in its staying power. Although Ex-Im did not innovate as much as other ECAs to provide new and varied forms of trade-related support, during 2020 Ex-Im delivered on the value of its guarantee by living up to market expectation of the quality of its cover,” the annual Ex-Im competitiveness report said.

“During a global pandemic, Ex-Im showed resilience and agility in responding to U.S. exporters and enacting key reforms,” said Ex-Im Acting Vice President and Vice Chairman James Cruse. In April, the Ex-Im Bank board unanimously voted to extend COVID relief measures for U.S. exporters and financial institutions through April 30, 2022 (see **WTTL**, April 19, page 8).

In qualitative feedback, exporters and lenders “highlighted the need for Ex-Im to be more responsive to market developments, more flexible in meeting shifting customer needs and flagging concerns with the execution risk of working with Ex-Im. Several also expressed a desire for Ex-Im to be more proactive in offering standard terms, rather than being reactive to foreign ECA offers,” the report noted.

The top 10 providers of official medium- and long-term (MLT) export credits in 2020 were China (\$18.0 billion), France (\$12.1 billion), Germany (\$8.6 billion), Italy (\$8.4 billion), South Korea (\$5.0 billion), Sweden (\$4.7 billion), United Kingdom (\$3.4 billion), Denmark (\$2.8 billion), Belgium (\$2.5 billion) and India (\$2.3 billion). The U.S. fell to number 13 after joining the top 10 in 2019.

*** * * Briefs * * ***

TRADE FIGURES: Remember last May? Merchandise exports in May jumped 59.8% from year ago to record-high \$145.5 billion, Commerce reported July 2. Services exports grew 9.9% to \$60.5 billion from May 2020. Goods imports jumped 39.95% from May 2020 to \$234.7 billion, as services imports grew 27.7% to \$42.6 billion.

EXPORT ENFORCEMENT: Patriot 3, Inc. of Fredericksburg, Va., agreed June 28 to pay BIS \$200,000 civil penalty for exporting maritime jet boots with underwater propulsion systems (JetBoots) to military end users in Russia without required license in October 2014. Items were classified under Export Control Classification Number (ECCN) 8A992 and valued at approximately \$329,760. Company “sold and transferred the items for export to Russia knowing that they were destined for the Russian Government’s Federal Guard Service (FSO),” BIS order noted. “It is the policy of Patriot3 to comply with all applicable import and export trade compliance laws and regulations, as well as other mandatory trade sanctions, in the countries in which Patriot3 conducts business,” company website says.

BURMA: BIS in Federal Register July 6 will add four Burmese entities to Entity List: Wanbao Mining and two subsidiaries, Myanmar Wanbao Mining Copper and Myanmar Yang Tse Copper; and King Royal Technologies Co. Three copper mining firms have revenue-sharing agreements with Myanmar Economic Holdings Limited (MEHL). BIS added MEHL to Entity List in March (see **WTTL**, March 8, page 1). Telecom company King Royal provides satellite communication

services in support of Burmese military, notice says. ... Treasury's Office of Foreign Assets Control (OFAC) July 2 designated 22 Burmese individuals, including seven key members of Burma's military and 15 spouses or adult children of previously designated senior Burmese military officials.

RUBBER: Zeon Chemicals and Zeon GP filed antidumping duty (AD) petitions June 30 with ITA and ITC against imports of acrylonitrile-butadiene rubber from France, Mexico and South Korea.

FERTILIZER: CF Industries Nitrogen, Terra Nitrogen and Terra International (Oklahoma) LLC filed countervailing and antidumping duty (AD) petitions June 30 with ITA and ITC against imports of urea ammonium nitrate solutions from Russia and Trinidad and Tobago.

TAA: Without congressional action, Trade Adjustment Assistance (TAA) July 1 reverted to previous version of program. Program now covers only manufacturing sector workers and "workers who have lost their jobs because their company's decline in production and/or sales was due to increased imports or to outsourcing to **limited** countries," according to Labor comparison. "House Democrats are looking for the earliest opportunity to put the program back on track and will also seek to increase and modernize TAA's benefits," Ways and Means Committee Chair Richard Neal (D-Mass.) and Trade Subcommittee Chair Earl Blumenauer (D-Ore.) said in statement. House Ways and Means Democrats in June introduced bill (H.R. 3974) to extend TAA (see **WTTL**, June 21, page 3).

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