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Warren Report Details Big Tech Access with USTR

Sen. Elizabeth Warren (D-Mass) continues her crusade to highlight the ability of major technology corporations to unduly influence ongoing negotiations on digital trade under the Indo-Pacific Economic Framework. Tuesday the senator released an investigative report prepared by her staff charging that “BigTech” is using “revolving door hires to gain backdoor access to key US Trade Representative and Commerce Department officials to prevent new regulations that could curb monopolies.

“At this critical time, Big Tech is working to undermine the Biden trade and competition agenda and instead push trade negotiators to pre-empt domestic and international regulatory efforts, hiring dozens of former government officials and lobbyists to gain insider access to U.S. trade officials and influence trade negotiations – and this report contains new evidence of the extent to which they have been effective,” according to the report.

The report contains findings from a previously undisclosed tranche of email communications between high-level U.S trade officials and Big Tech firms that point to Big Tech’s influence over USTR during the Biden Administration, according to the senator’s staff.

The report charges that former USTR officials hired by companies involved in digital trade are being given special access to US Trade Representative Katherine Tai and other officials. It specifically cites former **Deputy USTR and US Ambassador to the World Trade Organization Michael Punke**, who joined Amazon after leaving government employ. In the report, Senator Warren offered four recommendations to prevent undue influence:

- USTR and the Commerce Department must ensure that any IPEF digital trade rules complement – rather than conflict with – policymakers’ efforts to promote competition in the digital economy, regulate AI and protect online privacy;
- USTR should make IPEF texts public;
- Commerce and USTR should commit to transparency on all public engagement, including visitor logs, public appearances, and informal modes of external engagement and
- the Administration and federal trade agencies should work to implement strong ethics reforms and Congress should pass the senator’s Anti-Corruption and Public Integrity Act.

Report: [Big Tech's Big Con: Rigging Digital Trade Rules to Block Antitrust Regulation](#)

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Senate Democrats Seek Bipartisan Counter to China

Senate Democrats, led by **Senate Leader Chuck Schumer** (D-NY), announced on Wednesday their plans to draft a comprehensive bipartisan legislative package aimed at helping the United States better compete with China.

The package is expected to build upon the CHIPS and Science Act's domestic manufacturing investment and integrate various China competitiveness provisions from the Senate-passed CHIPS legislation.

Schumer has instructed committee chairs to hold hearings and develop legislation, ideally with Republican backing, to be consolidated into a sweeping measure addressing trade enforcement, export controls, tighter investment screening, cooperation with allies, and additional domestic investments, all targeting China directly.

The Senate leader anticipates that the legislative package will be ready in the next few months, potentially before the August Congressional recess. Schumer highlighted the urgency of addressing China's global ambitions, stating, "The United States cannot sit idly by as the Chinese government continues to lie, cheat and steal its way to global dominance."

He believes there will be significant bipartisan support for the legislation in both the Senate and the House, emphasizing the need to safeguard America's future.

According to Schumer, the legislation will focus on five critical policy areas:

1. Limiting the flow of advanced technology to the Chinese Government, potentially through stronger export control laws, new sanctions, and deterrents against coercion.
2. Curtailing the flow of investment to the Chinese Government by screening investments in key sectors to prevent US capital from supporting Chinese companies.
3. Securing domestic economic investment by supporting sectors such as biotech, bio-manufacturing, and other critical technology fields.
4. Underscoring the United States' commitment to economic allies, maintaining partner alignment, and counteracting China's Belt and Road initiative.
5. Safeguarding the security of allies and partners and maintaining strategic alliances, particularly in regard to potential conflict with Taiwan.

Several Senate committee chairs, including **Finance Committee Chairman Ron Wyden** (D-Ore) and **Agriculture Committee Chairman Debbie Stabenow** (D-Mich), have already begun discussing legislation related to trade enforcement and Chinese investment in US agriculture, respectively.

WTO - India Proposes "30 for 30" Incremental Reform Plan

Geneva (via WTD) Amid ongoing discussions on reforming the World Trade Organization (WTO), India unveiled a "30 for 30" proposal for reform. The initiative outlines 30 incremental changes aimed at improving the effectiveness and functionality of various WTO bodies and committees.

Timed to coincide with the organization's 30-year anniversary at the end of 2024, this proposal comes after the European Union's recent offer of a comprehensive plan to strengthen the WTO's deliberative function in response to global trade policy shifts, including issues related to trade and climate change. The EU is currently lobbying intensely for its proposal, facing opposition from numerous developing countries. As a result, Brussels is struggling to secure support from these nations.

The United States has yet to present a comprehensive WTO reform proposal, with the exception of enhancing transparency within all WTO committees, according to a negotiator involved in the discussions.

India's proposal for incremental reforms is significant, as it deviates from the drastic changes suggested by some major industrialized countries. The nation believes that entering the WTO's 30th year presents a collective opportunity for members to demonstrate their continued commitment to the organization, thus bolstering its effectiveness.

The "30 for 30" initiative aims to implement at least 30 operational improvements to the WTO by January 1, 2025. India argues that these incremental, yet collectively significant, transformational changes should be showcased as the organization completes three decades.

India's proposal emphasizes operational efficiency improvements, which could include technology adoption, sharing best practices among WTO bodies, and adapting working conventions to benefit delegates in Geneva and their home capitals. The proposal contains a preliminary list of ideas to guide discussions on these incremental changes, which India believes could be implemented quickly due to their nature.

India has requested that the General Council and Trade Negotiations Committee Division of the WTO secretariat collate the implemented changes and communicate them to WTO members and external stakeholders periodically.

WTO – Fish Talks Proceed

Geneva (via WTD) – During the second week of the Doha fisheries subsidies negotiations, World Trade Organization (WTO) members made modest progress on addressing overcapacity and overfishing. US Trade Representative María Pagán emphasized the need for a sustainability-focused approach and the prohibition of harmful subsidies, especially those directed to fishing beyond a WTO Member's jurisdiction. The US also pushed for greater transparency on forced labor on fishing vessels.

Definitional issues involving large and small artisanal fishers and the need to classify these categories to assess their impact on overcapacity and overfishing marked the proceedings. There was little convergence between major subsidizers such as the European Union, the United States, China, Canada, Korea, and Taiwan, and the large-scale small and artisanal fishers.

Several developing countries pressed for a classification to understand which subsidies should be prohibited and to decide on special and differential treatment for developing and least-developed countries. Some developing countries also called for a robust special and differential treatment regime for their fisheries sector, which has been underdeveloped.

Pakistan proposed that smaller fishing nations should not be held equally responsible for overcapacity and overfishing as major subsidizers. They argued that the current state of depleted fish stocks is due to decades of overcapacity and overfishing by major subsidizers, and these nations must shoulder the responsibility.

WTO members are ready to start working toward text-based negotiations on curbing fisheries subsidies, with the goal of reaching that point by the summer break in August, according to negotiations chair Ambassador Einar Gunnarsson of Iceland. He expressed confidence in members' readiness to engage in text-based discussions and their collective vision to complete the second wave of negotiations by the General Council meeting in December.

Trade Deficit Narrows in March; Exports Rise

The Commerce Department reported that the US trade deficit shrank to \$64.2 billion in March, down \$6.4 billion from \$70.6 billion in February. March's figures saw exports climb to \$256.2 billion, a \$5.3 billion increase from the previous month, while imports dropped to \$320.4 billion, a \$1.1 billion decrease from February.

The reduction in the goods and services deficit in March resulted from a decrease in the goods deficit by \$6.4 billion to \$86.6 billion and a less than \$100 million decrease in the services surplus to \$22.4 billion. Year-to-date, the overall goods and services deficit fell by \$77.6 billion, or 27.6%, compared to the same period last year, with exports growing by \$61.4 billion, or 8.7%, and imports declining by \$16.2 billion, or 1.6%.

The average goods and services deficit for the three months ending in March decreased by \$1 billion to \$67.8 billion. Commerce Department data showed that exports of goods rose by \$5.2 billion to \$174.3 billion in March, while services exports increased by \$100 million to \$81.8 billion. In contrast, imports of goods fell by \$1.2 billion to \$260.9 billion, and services imports increased by \$100 million to \$59.5 billion.

In March, the US reported trade deficits with several countries, including China at \$22.9 billion, the European Union at \$15.6 billion, and Mexico at \$11.6 billion. On the other hand, trade surpluses were recorded with regions like South and Central America, at \$5.7 billion, and countries like the Netherlands, at \$4 billion, and the United Kingdom, at \$2.9 billion.

*** Briefs ***

Lawmakers Urge Reform of Investor-State Dispute Settlement System. A group of lawmakers has written to U.S. Secretary of State Antony Blinken and Ambassador Katherine Tai, expressing concerns over the Investor-State Dispute Settlement (ISDS) system present in the United States' trade and investment agreements with foreign nations.

The letter, signed by several senators and members of Congress, highlights the potential exploitation of this dispute settlement regime by large corporations, which they argue undermines democracy and favors corporate interests over those of workers, consumers, and small businesses worldwide. The lawmakers

commend President Biden's commitment to exclude ISDS from future trade deals, as well as Ambassador Tai's alignment with this stance. They call on the relevant agencies to explore all available options to eliminate ISDS liability from existing trade and investment agreements. [\[10409\]](#)

Canada Proposes Restrictions on Food Advertising Targeting Children. Health Canada (HC) has opened a public consultation period on the federal department's intent to amend the Food and Drug Regulations to restrict advertising to children of foods with high content of sodium, sugars, or saturated fats. The proposed policy could target advertising through various media platforms and settings. Interested stakeholders may provide comments until June 12, 2023. [\[10411\]](#)

China Slams US "Green Veneer" at WTO. Geneva (via WTD). In a recent World Trade Organization (WTO) meeting, China accused the United States of using climate concerns as a cover for protectionism through the CHIPS Act and the Inflation Reduction Act. China argued that the US has disguised large subsidies that benefit domestic enterprises and discriminate against foreign competitors under a "green veneer." [\[10412\]](#)

China Select Committee Calls out Fashion Brands. House Select Committee on the Chinese Communist Party **Chairman Mike Gallagher** (R-WI) and **Ranking Member Raja Krishnamoorthi** (D-IL) sent letters to Nike, Adidas, Shein, and Temu last week, raising concerns about the companies' alleged use of Uyghur forced labor in their supply chains. This follows the 2021 Uyghur Forced Labor Prevention Act (UFLPA), which outlawed such practices. [\[10416\]](#)

ADB Announces Climate Finance Facility. The Asian Development Bank (ADB) has announced the Innovative Finance Facility for Climate in Asia and the Pacific (IF-CAP), a groundbreaking program that could significantly boost support for the region in its fight against climate change. ADB President Masatsugu Asakawa revealed the initiative at ADB's 56th Annual Meeting in Incheon, South Korea. [\[10422\]](#)

Blue Lantern End Use Monitoring Report. The Blue Lantern program, managed by the Country and End-Use Analysis Division (CEA) of the Department of State, is designed to ensure the security and integrity of U.S. defense trade. It monitors the end-use of defense articles (including technical data), defense services, and brokering activities under the Arms Export Control Act (AECA) and the International Traffic in Arms Regulations (ITAR). [\[10395\]](#)

DDTC Category XXI New Export Reporting Requirement. The Census Bureau is proposing to amend its regulations to include new export reporting requirements related to the State Department, Directorate of Defense Trade Controls (DDTC) Category XXI Determination Number. The proposed amendment would add a conditional data element when "21" is selected in the DDTC USML Category Code field in the Automated Export System (AES) to represent United States Munitions List (USML) Category XXI. In addition to the new export reporting requirement, the proposed rule would make remedial changes to the Foreign Trade Regulations (FTR) to update International Traffic in Arms Regulations (ITAR) references in existing data elements. [\[10401\]](#)

Online Sales - Country of Origin Rules Proposed. Sens. Tammy Baldwin (D-Wisc) and JD Vance (R-Ohio) are co-sponsoring legislation to ensure that all goods sold online list their country-of-origin so that US consumers will know where products have been made. Unlike products sold in-person, products sold online are not currently required to disclose their country-of-origin. [[10417](#)]

*** Enforcement & Sanctions ***

Former Harvard Chemistry Chair Sentenced for Lying About China Ties. The former Chair of Harvard University's Chemistry and Chemical Biology Department, was sentenced in federal court in Boston for lying to federal authorities about his affiliation with China's Thousand Talents Program and Wuhan University of Technology (WUT), as well as failing to report income he received from WUT. Lieber was convicted in December 2021 by a federal jury on charges of making false statements to federal authorities, making and subscribing a false income tax return, and failing to file reports of foreign bank and financial accounts (FBAR) with the IRS. [[10415](#)]

Crypto Exchange Clipped for Lax AML Screening. Poloniex, LLC has agreed to pay \$7,591,630 to settle its potential civil liability for 65,942 apparent violations of multiple sanctions programs, according to the Department of Treasury's Office of Foreign Assets Control (OFAC). The Boston-based online trading and settlement platform allowed customers apparently located in sanctioned jurisdictions to engage in online digital asset-related transactions between January 2014 and November 2019, with a combined value of \$15,335,349, despite having reason to know their location based on both Know Your Customer information and internet protocol address data. [[10402](#)]

Company & Officer Sentenced in Scheme to Violate the Export Control Act. Tao Jiang, the president and owner of Broad Tech System, Inc., a California-based electronics distribution company, and his company were both sentenced for their involvement in a scheme to illegally export chipmaking chemicals to a Chinese company with ties to the Chinese military. Jiang and Broad Tech System pleaded guilty to charges of conspiracy, violation of the Export Control Act, and money laundering conspiracy on January 11, 2023. [[10405](#)]

U.S. and Turkish Authorities Target Syrian Financial Facilitators. In a joint operation, the Treasury's Office of Foreign Assets Control (OFAC) and authorities in the Republic of Türkiye have designated two financial facilitators of Syria-based terrorist groups sanctioned by the United States and the United Nations. This action demonstrates continued cooperation between the United States and Türkiye in countering the financing of terrorist groups responsible for violence and instability throughout the region. [[10421](#)]

OFAC issues Venezuela G/L and FAQs for Creditors. Treasury's Office of Foreign Assets Control (OFAC) announced today the issuance of Venezuela General License 42, which authorizes certain transactions relating to the negotiation of settlement agreements with the IV Venezuelan National Assembly, its Delegated Commission, IV National Assembly Entities, and other designated persons. [[10420](#)]

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