

# Washington Tariff & Trade Letter

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## Atlantic Declaration for U.S.-UK Economic Partnership

While UK Prime Minister Rishi Sunak declined the opportunity to throw the opening pitch at a Washington Nationals Game, he did lob a couple softballs for the White House to bunt, generating assurances of continued support for Ukraine, and an agreement for him to host a summit on artificial intelligence.

The meetings produced no post-Brexit trade agreement, though the parties did roll out a grandly titled "declaration," providing a framework for continued dialogue.

Thursday the United States and the United Kingdom announced the *Atlantic Declaration for a Twenty-First Century U.S.-UK Economic Partnership* to ensure that "our unique alliance is adapted, reinforced, and reimagined for the challenges of this moment."

The Atlantic Declaration signifies a new era of strategic partnership between the U.S. and the U.K., with plans to boost economic, technological, trade, and commercial ties. The declaration rests on the five pillars of ADAPT: U.S.-UK leadership in emerging technologies, economic security cooperation, digital transformation partnership, clean energy economy, and alliance strengthening across defense, health security, and space.

### 1. U.S.-UK Leadership in Critical and Emerging Technologies:

Both nations recognize the significant role emerging technologies play in shaping the world. They will foster a cooperative environment to harness the potential of technologies like AI, Data Science, and others.

*Next Steps:* Both nations will work together on setting policy frameworks and standards to drive innovation in these sectors, allowing both countries to establish a joint leadership role in technology worldwide.

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## 2. Enhanced Cooperation on Economic Security, Technology Protection, and Supply Chains:

The U.S. and the U.K. intend to cooperate on maintaining economic security, protecting critical technology and ensuring secure supply chains.

*Next Steps:* The countries will develop a robust framework for protecting vital economic sectors, bolster defenses against economic threats, and secure critical technology and supply chains. Joint strategies will be established to address potential vulnerabilities and foster resilience.

## 3. Partnership for an Inclusive and Responsible Digital Transformation:

The third pillar aims to create a partnership for a digital transformation that is both inclusive and responsible, ensuring the privacy and safety of citizens.

*Next Steps:* The countries will establish a U.S.-UK Data Bridge and accelerate cooperation on AI safety and responsible development. They will also launch a collaboration on Privacy Enhancing Technologies to ensure individual privacy rights are respected.

## 4. Building a Clean Energy Economy for the Future:

Both nations have shown a commitment to building a clean energy economy, thereby addressing the urgent threat of climate change.

*Next Steps:* Initiatives include negotiations on a Critical Minerals Agreement, launching a Joint Clean Energy Supply Chain Action Plan, and creating a civil nuclear partnership. These actions aim to reduce reliance on fossil fuels and promote sustainable, renewable energy sources.

## 5. Strengthening the Alliance Across Defense, Health Security, and Space:

The U.S. and the U.K. aim to reinforce their alliance across various sectors, including defense, health security, and space.

*Next Steps:* The U.S. President will propose to the Congress to add the UK as a "domestic source" under the Defense Production Act. Additionally, the nations will increase cooperation on biological threats and infectious diseases and deepen their partnership in space exploration and technology.

To ensure the successful implementation of the Atlantic Declaration and Action Plan, senior representatives from the U.S. and the U.K. will convene biannually, facilitating continuous dialogue, goal assessment, and maintaining long-term ambition.

[\[White House Release\]](#)

## USTR asks for Metals Greenhouse Report

Last week saw a request by the United States Trade Representative (USTR) Katherine Tai to the United States International Trade Commission (USITC) to investigate and report on the greenhouse gas emissions intensity of steel and aluminum produced in the United States.

The information obtained from this investigation will guide discussions with the European Union (EU) regarding the *Global Arrangement on Sustainable Steel and Aluminum*, a plan aimed at discouraging trade in emissions-intensive products and reducing non-market excess capacity from other countries.

The report that Tai has requested should cover the average and top percentiles of GHG emissions intensity for these metals produced in the U.S. during 2022. The emissions will be classified into three scopes:

1. **Scope 1 GHG emissions** are direct emissions from the facility's owned or controlled sources, such as fuel combustion emissions, process emissions, and emissions from the facility's own electricity generation.
2. **Scope 2 GHG emissions** refer to indirect emissions from the generation of the facility's purchased energy, which could include electricity, steam, heat, or cooling.
3. **Scope 3 GHG emissions** are indirect emissions not included in Scope 2 that occur in the value chain of the reporting company. For this study, only a specific subset of upstream Scope 3 GHG emissions will be analyzed, particularly those associated with material and resource inputs for the production of steel and aluminum.

The report is expected to be delivered no later than January 28, 2025.

This request signifies a serious commitment to environmental sustainability from the United States and the EU, who are taking joint action to address issues of overcapacity and climate change.

The data obtained will also help these economies to negotiate the *Global Arrangement*, inviting other like-minded economies to participate and contribute towards the goal of reducing trade in emissions-intensive steel and aluminum products. The conclusion of the negotiations on the Global Arrangement is planned for October 2023.

"Emissions-intensive products" and "reducing non-market excess capacity" often refers to smelters and processors in Brazil, Russia, China and India. Primary steelmaking from ore generates more greenhouse gas per ton than that of the the scrap recyclers in the west.

[\[USTR Request\]](#)

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## Tai Talks Steel & Aluminum with Europeans

United States Trade Representative (USTR) Katherine Tai met with French Minister of Economy, Finance and Recovery, Bruno Le Maire, as well as European Commission Executive Vice President, Valdis Dombrovskis, regarding negotiations on steel and aluminum trade.

During these meetings, Tai expressed optimism about reaching a high standard, ambitious agreement with the European Union (EU) on steel and aluminum trade by the end of this year.

The USTR confirmed the strong cooperative ties between the United States and France, pledging to continue strengthening their bilateral trade relationship. In the meeting with Dombrovskis, both parties stressed their commitment to finding areas of common ground and planned to hold regular meetings throughout the remainder of 2023.

### India Parries on Ag

Meanwhile, the USTR has reportedly declined an offer from India for a mutual exemption of tariffs. India proposed to exempt some U.S. agricultural goods from tariffs in exchange for the U.S. waiving its steel and aluminum tariffs on India.

Reuters reports U.S. officials have made it clear that they are not considering an exemption for India under Section 232 tariffs, which were implemented by former U.S. President Donald Trump in 2018.

These tariffs imposed a 25% duty on all U.S. steel imports and a 10% duty on aluminum. In response to these tariffs, India imposed tariffs on 28 U.S. products, including almonds, apples, and walnuts.

## Aluminum Foil Dispute: Commerce Wins in USCIT

The Court of International Trade ruled June 7th in favor of the Department of Commerce in an ongoing dispute with Chinese aluminum foil producers.

The Chinese company had challenged the DoC's imposition of antidumping duties during an administrative review, which revolved around three key issues: calculation of surrogate values, denial of a double remedies adjustment, and liquidation instructions.

The court's ruling, delivered by Judge M. Miler Baker, sustains the DoC's final determination, arguing that it is supported by substantial evidence. In the judge's view, Zhongji failed to make a clear argument on the record and fluctuated between arguing about specific business issues and broader legal claims. [[Ruling](#)]

This dispute started over five years ago when the U.S. imposed anti-dumping duties, ranging from 97 percent to 162 percent, on Chinese aluminum foil. The duties were levied based on what China called "mistaken methods" as the U.S. used a third country's prices to evaluate if Chinese goods were being dumped. This

practice was based on a now-expired clause in China's 2001 World Trade Organization (WTO) accession agreement.

The U.S. Commerce Department has asserted that the aluminum foil duties were determined using its standard methodology for calculating dumping duties against non-market economies. Washington has deemed such measures necessary due to China's failure to operate as a market economy, with government control over price and output decisions of enterprises, and other factors such as the extent of its currency's convertibility.

## Bipartisan Trade Remedy Legislation Proposed

### *"Leveling the Playing Field 2.0 Act" targets repeat offenders*

U.S. Senators **Sherrod Brown** (D-OH) and **Todd Young** (R-IN) introduced bipartisan legislation aimed at strengthening U.S. trade laws and combating unfair trade practices, a move seen as a bolstering response against China's global economic tactics.

The "Leveling the Playing Field 2.0 Act" is set to build upon the success of the original 2015 Act, while addressing the evolving landscape of international trade.

The proposed legislation will introduce the concept of "successive investigations" to the U.S. trade remedy system, a strategy meant to more effectively tackle repeat offenders and serial cheaters, a move that could help to level the playing field for American workers. This new provision aims to ensure that American industries are better protected from bad actors aiming to exploit loopholes in U.S. trade law.

In addition to enhancing U.S. trade remedy laws, the legislation responds to China's Belt and Road Initiative, which provides Chinese government subsidies for products made in countries around the world, a move seen as an attempt to distort global market dynamics.

"China is always coming up with new ways to distort the global market, cheating Ohio companies out of business and Ohio workers out of jobs," said Brown, emphasizing the importance of innovative tools to ensure fairness in global trade.

"Our bipartisan bill will protect American jobs and combat China's unfair trade practices," added Young, highlighting the intent to counteract China's market distortion tactics.

The proposed bill has gathered significant bipartisan support, with co-sponsorships from Senators spanning both the Democratic and Republican parties. A companion bill has also been introduced in the U.S. House of Representatives.

High-profile industry figures, such as **Tom Conway, President of the United Steelworkers (USW), and Kevin Dempsey, president and CEO of the American Iron and Steel Institute (AISI)**, have publicly voiced their support for the legislation.

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The Brown-Young legislation is seen as an enhancement of the 2015 Leveling the Playing Field Act, which led to key wins for Midwest companies. The new bill aims to increase the effectiveness of U.S. trade remedy system in curbing circumvention efforts designed to undermine domestic industries.

The proposed Leveling the Playing Field 2.0 Act will offer the Department of Commerce more tools to counteract anti-free market practices, notably from China. The new measures include expedited timelines for successive investigations, a more robust approach to dealing with subsidies provided by a government to a company operating in a different country, and clear timelines for preliminary and final determinations in trade disputes.

The bill is expected to offer considerable relief, particularly in the steel industry, which accounts for around half of all unfair trade cases.

## EU Adopts WTO Fisheries Agreement

The EU today formally accepted the World Trade Organization (WTO) Agreement on Fisheries Subsidies on behalf of its 27 Member States. The EU's acceptance brings the Agreement closer to entry into force and to delivering on Target 14.6 of the United Nations' Sustainable Development Goals.

The Agreement on Fisheries Subsidies is crucial for ensuring that fisheries subsidies take sustainability as their core objective and avoid harming the ocean and fish stocks on which the livelihoods of coastal communities around the world depend.

### Background

The Agreement will enter into force once two-thirds of the 164 WTO members have completed their domestic ratification processes. The EU's acceptance (counting for the 27 Member States) brings the number of WTO Members who had accepted the Agreement to 34.

The WTO Agreement on Fisheries Subsidies, the first multilateral trade agreement focussing on sustainability, was concluded at the 12<sup>th</sup> WTO Ministerial Conference (MC12) in June 2022 and includes:

- a prohibition of government subsidies to illegal, unregulated and unreported fishing;
- a prohibition of subsidies for fishing on the unregulated high seas;
- a prohibition of subsidies regarding the most vulnerable stocks;
- provisions addressing the harmful practice of reflagging fishing vessels to other jurisdictions; and
- extensive transparency and notification provisions to monitor the implementation of the Agreement.

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## Lawmakers Target Foreign Land Buyers

In an effort to counter rising foreign ownership of U.S. farmland, **Rep. Beth Van Duyne (R-TX)** has introduced the *Protecting American Farmland Act* in the House of Representatives.

This legislation proposes a 60% excise tax on "Countries of Concern" attempting to buy American farm and ranch land.

According to Ms. Van Duyne, "American farmland – especially here in Texas – is the new frontline in our fight against the Chinese Communist Party's aggressions. This bill is crucial to keep our farmland from enemy hands, thereby protecting our nation's farmers, supply chains, and security."

**Chairman of the Ways and Means Committee, Jason Smith**, echoed Van Duyne's sentiments, stating, "We must protect America's agricultural resources from being snatched up by foreign adversaries and companies under their control. The bill expands an existing tax on foreign land sales and ratchets up the applicable tax rate by 400 percent, enhancing our food and economic security."

According to Ms. Van Duyne, China's reported holdings have grown more than 50% since 2019, to approximately 384,000 acres.

The Protecting American Farmland Act seeks to deter such purchases by imposing an excise tax four times the level of the current withholding tax applicable to foreign sellers of U.S. real property under the *Foreign Investment in Real Property Tax Act (FIRPTA)*.

FIRPTA is a tax law that imposes U.S. income tax on foreign persons selling U.S. real estate. Under FIRPTA, if you buy U.S. real estate from a foreign person, you may be required to withhold 10% of the amount realized from the sale. The amount realized is normally the purchase price.

The term "Country of Concern" refers to nations with a long-term pattern of conduct adverse to U.S. national security, including China (excluding Taiwan), Russia, Iran, North Korea, Cuba, and the regime of Nicolas Maduro in Venezuela.

### Florida Law Challenged

In Florida, the AP reports a group of Chinese nationals have filed a lawsuit against the state challenging a new law that prevents citizens of certain countries, including China, from purchasing property within 10 miles of military installations and other areas deemed "critical infrastructure." This legislation also pertains to agricultural land.

The law predominantly targets citizens of China, Cuba, Venezuela, Syria, Iran, Russia, and North Korea, but those from China and those intending to sell property to Chinese nationals face the most severe penalties.



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The American Civil Liberties Union (ACLU) argued that the law could significantly discourage property sales to Chinese and other Asian individuals who are legally eligible to purchase property.

The plaintiffs assert that the law unfairly associates Chinese people with the actions of their government and does not provide evidence that national security risks are tied to Chinese citizens buying property in Florida.

The ACLU, announcing the lawsuit in a press release, argued that the law would "codify and expand housing discrimination against people of Asian descent," violating both the Constitution and the Fair Housing Act. They added, "It will also cast an undue burden of suspicion on anyone seeking to buy property whose name sounds remotely Asian, Russian, Iranian, Cuban, Venezuelan, or Syrian."

## Joint Declaration Against Trade-Related Economic Coercion

Australia, Canada, Japan, New Zealand, the United Kingdom, and the United States of America, endorsed a *Joint Declaration Against Trade-Related Economic Coercion and Non-Market Policies and Practices*. The decision, made at a Ministerial meeting in Paris, extends the initiatives discussed during the G7 Leaders' Statement on Economic Resilience and Economic Security in May 2023.

The central aim of this Joint Declaration is to combat the negative impacts of trade-related economic coercion and non-market policies on the multilateral trading system and international relations.

The declaration identifies harmful non-market policies such as state-sponsored theft of trade secrets, forced technology transfer, arbitrary application of regulations, and government interference in commercial decision-making, among others. Such activities, according to the declaration, serve as tools of economic coercion, distorting the global trading system and harming international relations.

The declaration also highlights concerns about the use of forced labor, particularly state-sponsored forced labor, in global supply chains.

The governments commit to work together to deter and address these issues, including through cooperation in WTO committees and in disputes to challenge these practices. However, the declaration does not apply to measures adopted transparently and in good faith for legitimate public policy objectives.

[\[Link to Document\]](#)

### \*\*\* Briefs \*\*\*

**U.S-Caribbean Leaders Meeting** In an event co-hosted with Prime Minister Davis of The Bahamas, Vice President Kamala Harris emphasized the United States' commitment to strengthening its relationship with the Caribbean at the US-Caribbean Leaders Meeting June 8, in Nassau, Bahamas. Harris announced activities that address: (1) security and firearms trafficking; (2) the need for an enhanced diplomatic presence in the eastern Caribbean; (3) the crisis in Haiti; and (4) the U.S.–Caribbean Partnership to Address the ClimateCrisis 2030 (PACC 2030). [\[Link\]](#)



**FTZ Reform, Request for Comments** The Foreign-Trade Zones Board (the Board) proposes to amend its regulations and invites public comment on these proposed revisions. These modifications, if adopted, would allow for additional electronic fee payment options and make other minor clarifications and corrections to the regulatory language. [\[link\]](#)

**Rep Green Sponsors UK ITAR Carve Out** Tuesday June 6, the 79th anniversary of D-Day, Rep. Mark Green (R-TN) introduced a bill reforming the Arms Export Control Act. *The Special Relationship Military Improvement Act of 2023* (HR 3857) will provide the United Kingdom with an improved status under International Traffic in Arms Regulations (ITAR). [\[link\]](#)

**BIS: Comments Sought on SNAP-R Form** All export and reexport license applications, License Exception AGR notifications, requests to authorize use of License Exception STA for “600 series” end items (which are currently submitted as export license applications) and classification requests and their accompanying documents must be filed via BIS’s Simplified Network Application Processing system (SNAP-R). The Bureau is seeking public feedback [\[link\]](#).

**BIS Update Conference Set for November 28 -30** The Bureau of Industry and Security (BIS) will hold the 2023 Update Conference on Export Controls and Policy from Tuesday, November 28 through Thursday, November 30 at the Marriott Marquis hotel in Washington, D.C. This 36th annual conference will **be offered in-person only**, for two and a half days, with an evening reception. Sessions will include keynote speakers, plenaries, breakout sessions, and live Q&A with BIS and other agency experts. [\[Link\]](#)

**Hill Moves to Block Iran Oil Trade.** A bipartisan group of senators, including **Marco Rubio (R-FL)**, **Maggie Hassan (D-NH)**, and **Jacky Rosen (D-NV)**, has proposed a new legislation, the *Stop Harboring Iranian Petroleum (SHIP) Act*, aiming to sanction illicit purchases of Iranian oil and hold accountable those enabling the Iranian regime. [\[Link\]](#)

**OFAC / Quad Shield Guidance on Iran UAVs** Treasury's Office of Foreign Assets Control (OFAC) has published Guidance to Industry on Iran’s UAV-Related Activities. The 12 page document advises industries on how to avoid violations of sanctions and export controls, particularly related to Iran's UAV activities [\[link\]](#).

**OFAC / Iran Missile Actors Sanctioned** Treasury's Office of Foreign Assets Control (OFAC) imposed sanctions on a network encompassing seven individuals and six entities across Iran, China, and Hong Kong, citing links to Iran's ballistic missile program. The June 6 action accused the network of facilitating procurement and financial transactions for critical components and technology required for Iran's ballistic missile development. [\[Link\]](#)