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EU Adopts 11th Sanctions Package

Friday, the EU Council announced the adoption of the eleventh comprehensive package of sanctions, imposing restrictive measures on an additional 71 individuals and 33 entities identified as responsible for undermining or threatening the territorial integrity, sovereignty, and independence of Ukraine.

The listing includes individuals from the judiciary who issued politically motivated decisions against Ukrainian citizens opposing the annexation of Crimea, various businesspersons, a deputy minister, local Russian officials, and two banks operating in illegally annexed territories.

As of now, EU's restrictive measures related to actions threatening Ukraine's territorial integrity apply to nearly 1800 individuals and entities. Those listed are subject to an asset freeze, and EU citizens and companies are forbidden from making funds available to them. Natural persons are additionally subject to a travel ban.

The EU also underlined the importance of ensuring effective sanctions implementation at European and national levels, and its commitment to prevent their circumvention by third countries.

The relevant legal acts, including the names of the listed individuals and entities, have been published in the Official Journal of the EU. And summarized in the WTTL website [\[here\]](#)

Roadmap Proposed for WTO Reform

The General Council Chair of the World Trade Organization (WTO), Ambassador Athaliah Lesiba Molokomme of Botswana, recently suggested that members hope to create a roadmap to reform work, aiming for the 13th ministerial meeting in Abu Dhabi in February 2024. However, clarity will only be achieved if the WTO's negotiating function, dispute settlement system, and institutional issues are all addressed concurrently.

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Many of the WTO's industrialized member countries, such as the United States and the European Union, are pushing for quick and significant reforms. However, critics have pointed out that these countries need to demonstrate the same commitment when it comes to dispute settlement system reform.

The General Council Chair noted that currently there are imbalances in the progress of the WTO reforms, highlighting the risk of powerful members cherry-picking the reforms. A comprehensive effort from all members is necessary to avoid this potential issue.

Ambassador Molokomme stressed the need for the General Council to perform its oversight and decision-making role effectively and highlighted the importance of making the meetings more meaningful to ensure that the WTO remains relevant.

She also discussed the upcoming Trade Negotiations Committee and informal Heads of Delegations meeting scheduled for July 20, expressing hope that this meeting will allow for proper stocktaking and identification of issues to be discussed at the Senior Officials Meeting.

On the topic of stakeholder engagement, the General Council Chair reminded members that the Secretariat is moving forward with engaging advice from Business and Civil Society Advisory Groups.

Director-General Ngozi Okonjo-Iweala concluded the meeting by emphasizing the importance of cooperation with other international organizations, although this approach has received mixed views. She also acknowledged the various constraints that the organization faces, including budget and staffing issues, but reassured members of the Secretariat's commitment to assisting them in achieving collective goals.

The facilitators for the stakeout sessions provided assessments of the discussions held in the breakout sessions. Here are the key takeaways from each session:

Session I:

- Members agreed on the need to improve engagement with external stakeholders, ensuring regional balance, and preserving the member-driven nature of the WTO.
- The role of international intergovernmental organizations (IGOs) was appreciated in bringing together trade policy expertise and relevant knowledge to help develop coherent approaches.
- The need to address trade concerns in a solutions-oriented manner was highlighted.
- Various other aspects were discussed, including the importance of transparency, the need for prioritization of issues, and a need for a proactive interaction between Members and the Secretariat on reform.

Session II:

- Members emphasized the importance of engaging capital-based officials in the lead up to Ministerial Conferences.
- The importance of a clear agenda for Ministerial Conferences and prioritization of issues was underscored.

- Improvements in communication with all members were suggested, including ensuring transparency and inclusivity, especially in small group meetings.
- The use of digital tools for meetings and documentation was also suggested.
- Decision-making in the General Council in between Ministerial Conferences was discussed, emphasizing the bottom-up approach.
- Concerning the Trade Negotiations Committee (TNC), effective engagement with the Director-General and Membership on negotiations and other important matters were noted.

Way Forward:

- A roadmap to guide Members' work until MC13 was proposed.
- It was suggested to appoint facilitators to assist with the emerging issues and reforms.
- The idea of holding retreats, dedicated sessions, working groups or joint sessions on identified themes was shared.
- A plan for the Senior Officials Meeting in October was discussed as a crucial step before MC13.
- Further consultations with all interested Members before the July General Council were proposed, with the intention of finalizing the roadmap at the July General Council meeting.

The facilitators emphasized the need to start implementing the roadmap early in the fall and the possibility of appointing sub-facilitators for specific topics was mentioned.

US, India End Six WTO Disputes

The United States and India announced Thursday an agreement to terminate six outstanding World Trade Organization disputes – three launched by Washington and three by New Delhi – over issues ranging from steel and aluminum to solar cells.

The decision to end the WTO disputes came in the midst of **Indian Prime Minister Modi's** state visit to Washington.

India also agreed to remove retaliatory tariffs it had imposed in response to the Section 232 national security measures on steel and aluminum, on certain US products, including chickpeas, lentils, almonds, walnuts, apples, boric acid and diagnostic reagents.

At a joint press conference with President Biden, the Prime Minister said that the decision to end “long-pending trade-related” disputes will allow the two countries to “make a new beginning” in their bilateral trade relationship.

“A trade and investment partnership between India and America is important not only for our two countries, but for the global economy as well,” Prime Minister Modi told reporters.

The Administration is looking for closer economic ties with India as an alternative to China.

Among a host of issues, the two leaders announced partnerships on semiconductor supply chains and critical minerals.

Intense Engagement

The agreements on trade issues are the culmination of two-years of intense engagement, including through the US-India Trade Policy Forum, according to US Trade Representative Katherine Tai. “As a result of our work, US agricultural producers and manufacturers will now enjoy renewed access to a critical global market and we will strengthen our trade relationship with one of our closest partners.

The six WTO disputes are:

- United States – Countervailing Measures on Certain **Hot-Rolled Carbon Steel Flat Products** from India (DS436);
- India – Certain Measures Relating to **Solar Cells and Solar Modules** (DS456);
- United States – Certain Measures Relating to the **Renewable Energy Sector** (DS510);
- India – **Export Related Measures** (DS541);
- United States – Certain Measures on **Steel and Aluminium Products** (DS547); and
- India – **Additional Duties on Certain Products** from the United States (DS585).

Arms Export Control Act

Separately, **Sens. Mark Warner** (D-Va) and **John Cornyn** (R-Texas), co-chairs of the *Senate India Caucus*, introduced legislation yesterday that would streamline consideration of defensive military sales to India under the US Arms Export Control Act.

The legislation would add India to the list of countries that receive an expedited 15-day period for Congress to be notified prior to the finalization of foreign military sales under the Act. Currently, there is a 30-day period for India.

The two senators have introduced a version of the legislation as an amendment to the annual National Defense Authorization Act every year since 2019.

Temu, Shein Avoiding Tariffs, Ignoring UFLPA - Gallagher Report

An interim report from the House Select Committee on the Chinese Communist Party released yesterday highlights the practices of Chinese online retail platforms Temu and Shein – including avoiding tariffs and failing to prevent forced labor sourcing.

The committee launched an investigation on May 2, focusing on these and other companies' compliance with the Uyghur Forced Labor Prevention Act and their use of the de minimis provision of the Tariff Act of 1930.

The report shows that Temu and Shein, operating under the de minimis rule, likely account for more than 30 percent of all packages shipped to the United States daily and almost half of all such shipments from China. The de minimis provision allows for importers to avoid customs duties on incoming packages valued at less than \$800. The report indicates that these two companies shipped almost 600,000 packages to the United States daily, totaling about 210 million packages a year, avoiding any import duties.

The report criticizes Temu's business model, noting that the company sidesteps responsibility for compliance with the UFLPA by maintaining that it is "not the importer of record with respect to goods shipped to the United States."

Both Temu and Shein were found to lack robust compliance systems to ensure that the goods they sell are not produced with forced labor. For instance, Temu's compliance plan hinges on its Chinese third-party sellers' adherence to a "Third Party Code of Conduct", and there are no auditing mechanisms in place to verify the enforcement of this code.

In addition, the committee's report reveals that Temu "does not expressly prohibit third-party sellers from selling products based on their origin in the Xinjiang Autonomous Region." Xinjiang is the center of allegations concerning the use of Uyghur forced labor, and under the UFLPA, import of goods made with forced labor from the region is effectively prohibited.

The committee emphasizes that these findings are interim, with their investigation still ongoing. As this report brings to light potential violations of human rights and US trade laws, further scrutiny of these companies is expected. [\[Interim Report\]](#)

Customs Advisory Committee Meets

The U.S. Customs and Border Protection (CBP) Trade Advisory Committee, known as the Commercial Customs Operations Advisory Committee (COAC), convened in Arlington, Virginia on June 14, 2023. The meeting signaled the culmination of the 21st Century Customs Framework Task Force, a collaborative effort established in 2021 to modernize trade.

1. **21st Century Customs Framework Task Force Conclusion:** After years of industry-government consultations, CBP's Senior Official Performing the Duties of Commissioner, Troy A. Miller, acknowledged the task force's contribution. He assured continued dialogue and cooperation on trade modernization. Tom West, Deputy Assistant Secretary for Tax Policy, U.S. Department of Treasury, praised the unique public-private collaboration.
2. **The Role of Collaboration:** Successful operations like the recent fentanyl smuggling interdictions underscored the value of collaboration with various law enforcement agencies. Miller emphasized that similar cooperation would be crucial for the evolution of CBP's cargo processing system, Automated Commercial Environment (ACE), into ACE 2.0. ACE 2.0 aims to provide CBP and other agencies with superior quality data, often in near real time, from traditional as well as non-traditional actors, thereby augmenting supply chain visibility.

3. **ACE 2.0 Development:** However, the commencement of ACE 2.0 development, which is not expected to begin before 2025, is contingent upon authorization and funding. Meanwhile, CBP is testing some ACE 2.0 features through Silicon Valley Innovation Program projects.
4. **Continuing Education for Licensed Customs Brokers Final Rule:** DHS Secretary Mayorkas signed this rule on June 12, amending CBP regulations to require ongoing education for individual customs broker license holders and establishing a framework for administering this requirement.
5. **Green Trade Innovation and Incentives Forum:** Slated for July 11, this forum, hosted by CBP at the U.S. Patent and Trademark Office in Alexandria, Virginia, will foster discussion about green trade among trade community members, academia, government officials, and others.
6. **COAC 17th Term Application:** Preparations are underway for COAC's 17th term, as the 16th term ends in early 2024. The application process for new members has recently concluded.
7. **World Customs Organization's Secretary General Election:** CBP's nominee, Ian Saunders, is a candidate for the position. The election result will be shared with COAC later in the summer.

COAC Trade Co-chairs, **Brian White** of Intel Corporation and **Kathryn Wilkins** of Alliance Operating Services, reiterated the committee's commitment to deliberating in-depth and reaching consensus on trade topics, aiming to represent the broader trade community effectively. The broader trade community expressed a **need for meaningful legislative trade facilitation measures** to endorse CBP's 21st Century Customs Framework package. *The next public COAC meeting is scheduled for September 20, 2023.*

GSP, TAA, MTB Renewals Introduced

House Ways and Means trade subcommittee Ranking Democrat **Earl Blumenauer** introduced a comprehensive legislative package to increase US competitiveness and support workers by reauthorizing the expired Generalized System of Preferences, Trade Adjustment Assistance and the Miscellaneous Tariff Bill.

The legislation includes updates to all three and would retroactively renew GSP through 2026. It also would add new criteria in areas like labor, rule of law, human rights and environment that countries must meet to receive duty-free access to the US market.

Following is a summary of the legislation:

TRADE ADJUSTMENT ASSISTANCE (TAA)

Authorization of the TAA for Worker program expired on June 30, 2022. Despite Ways and Means Democrats' efforts, the programs still have not been reauthorized. The title included in this bill reflects the TAA funding and improvements that Ways & Means passed in September 2021 and again in February 2022, which includes significantly higher funding levels, expanded eligibility and long-overdue provisions that improve and modernize the TAA programs.

GENERALIZED SYSTEM OF PREFERENCES (GSP)

This title reauthorizes GSP through 2026 with retroactivity. It also modernizes the program's eligibility criteria by adding a new environmental criterion and updating the labor criteria to align with those sought by House Democrats in the US-Mexico-Canada Agreement (USMCA) and other trade agreements. It strengthens and increases the labor standards eligible countries must meet to ensure basic labor rights are respected and that discrimination, violence against workers and gender-based violence and harassment are addressed.

The legislation also adds new criteria on human rights, rule of law, equal protection under the law, and anti-corruption, which are identical to the requirements in the African Growth and Opportunity Act (AGOA). The bill also makes several process improvements to the program concerning transparency and public access. Finally, the legislation requires a study on rules of origin, women's economic empowerment, and GSP utilization rates to help the least developed countries receive more of the benefits.

MISCELLANEOUS TARIFF BILL (MTB)

This title eliminates or reduces duties on certain imports based on recommendations from the US International Trade Commission (ITC) in accordance with the American Manufacturing Competitiveness Act of 2016 (AMCA). The bill authorizes duty suspensions and reductions for specific imports through December 31, 2024, retroactive four months before enactment. **The bill reauthorizes the AMCA for two more MTB cycles and excludes finished products from future MTBs authorized by the AMCA.** The legislation also makes administrative improvements to the AMCA process, such as granting the USITC sufficient time to assess the effects of the MTB on the US economy.

*** Policy Briefs ***

[Blinken Nod to China, Modest Results](#)

Secretary of State Antony Blinken's recent trip to China reflects a measured approach by the US administration to the ongoing complexity of Sino-US relations. While this visit aimed to open channels of dialogue, it has not produced significant or immediate outcomes. The fact that there are no plans for President Biden to engage with President Xi signals that both nations are trading carefully in their bilateral relations..

[EU Unveils Economic Security Strategy](#)

The European Commission, in conjunction with the High Representative, has published a Joint Communication outlining a European Economic Security Strategy. The proposal aims to limit the risks originating from specific economic flows, especially amidst escalating geopolitical tensions and swift technological advancements.

[WTO Advisory Groups Created](#)

World Trade Organization Director-General Ngozi Okonjo-Iweala announced yesterday the establishment of two advisory groups, one comprising leaders from the business community and the other bringing together prominent civil society representatives.

[USITC – Trade Shifts 2022 Published](#)

Shifts in U.S. Merchandise Trade, 2022 (also called Trade Shifts 2022), has been published by the U.S. International Trade Commission (USITC). Previous Trade Shifts reports included both data tables and figures as well as a narrative discussion of the data. Starting this year, Trade Shifts is switching to an online format featuring only data tables and figures.

[Current Account Deficit Rises](#)

The US current-account deficit grew by \$3.1 billion, or 1.5 percent, to \$219.3 billion in the first quarter of this year, the Commerce Department reported Thursday. The first-quarter deficit was 3.3 percent of current-dollar gross domestic product, up less than 0.1 percent from the fourth quarter.

[Global Trade Outlook Bleak: UNCTAD](#)

Global trade in both goods and services rebounded in the first quarter of this year, but the outlook for the rest of the year are bleak, according to a report released yesterday by the United Nations

[House Passes Taiwan Trade Bill](#)

The House has approved legislation (HR 4004) to implement the first agreement reached under the US-Taiwan Initiative on 21st Century Trade, despite the Administration's position that the deal does not require Congressional approval. The bill – which has strong bipartisan support – was approved by voice vote under suspension of the rules.

[Europe Adopts 11th Sanctions Package](#)

Friday, the EU Council announced the adoption of the eleventh comprehensive package of sanctions, imposing restrictive measures on an additional 71 individuals and 33 entities. The EU also underlined the importance of ensuring effective sanctions implementation at European and national levels, and its commitment to prevent their circumvention by third countries.

[Financial Action Task Force \(FATF\) Concludes 3rd Plenary](#)

Friday, the Financial Action Task Force (FATF) concluded the third plenary of the Singaporean presidency, during which it advanced its anti-corruption agenda. The FATF also announced the addition of EU member state Croatia to its "grey list" of countries under special scrutiny, along with Cameroon and Vietnam.

[Lawmakers Call for Whistleblower Awards for Sanctions Info](#)

Wednesday, a bipartisan, bicameral group of lawmakers introduced the Sanctions Evasion Whistleblower Rewards Act, legislation aimed at bolstering national security by incentivizing the exposure of sanctions violators. The proposed legislation seeks to modify the State Department Basic Authorities Act of 1956. It plans to extend the Rewards for Justice program to empower the Department of State to offer rewards for information regarding the identities or locations of individuals or entities violating U.S. or UN sanctions.

[Senate Bill to Curb Export Licensing](#)

Republican senators introduced legislation to modify the Bureau of Industry and Security's (BIS) processes for granting export licenses, particularly for technology exports to China and Russia. Under the proposed DENIAL Act, BIS would be required to automatically assume a position of denial for export license applications when the end user is in China or Russia. Furthermore, BIS would need to notify Congress before granting such a license, and Congress would have the power to block the granting of these licenses.

[Sens. Unveil Medical Supply Chains Bill](#)

Sens. Tom Carper (D-Del) and Thom Tillis (R-NC) introduced legislation yesterday authorizing the President to engage in trade negotiations in order to ensure that there are secure supply chains for medical equipment and supplies. The legislation is aimed at addressing the major supply chain challenges experienced during the height of the COVID-19 pandemic, the senators said.

[Senators Want Say on Iran Sanctions](#)

A large group of Republican senators introduced legislation yesterday requiring the President to submit any sanctions relief for Iran for Congressional review before taking action. Separately, the House Foreign Affairs Committee on Wednesday approved legislation (HR 3033) that would prevent US sanctions on Iran from expiring in 2026 unless Tehran meets specific criteria.

[Chinese Companies and Executives Indicted for Alleged Fentanyl Distribution](#)

The Justice Department Friday announced the arrest of two individuals and the unsealing of three indictments in the Southern and Eastern Districts of New York charging China-based companies and their employees with crimes related to fentanyl production, distribution, and sales resulting from precursor chemicals.

[Latvian Bank Settles Sanctions Violations](#)

Treasury's Office of Foreign Assets Control said Tuesday it has reached a \$3.4 million settlement with Swedbank Latvia to settle its potential civil liability for 386 apparent violations of US money laundering laws.

[Burma Banks Sanctioned](#)

The Treasury Department's Office of Foreign Assets Control announced yesterday that it has designated Burma's Ministry of Defense and two regime-controlled financial institutions that facilitate much of the foreign currency exchange within Burma and enable transactions between the military regime and foreign markets, including for the purchase and import of arms and related materiel.

[OFAC Sanctions FSB Officers](#)

Treasury's Office of Foreign Assets Control (OFAC) issued sanctions against two officers of the Russian Federal Security Service (FSB) who are believed to have played crucial roles in the Kremlin's attempts to influence a local election in the United States.