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EXIM Backstops Swiss Commodity Trader \$400 million

The Board of Directors of the Export-Import Bank of the United States (EXIM) announced their approval of a \$400 million dollar credit guarantee for the trading book of a Swiss commodity trader.

Financial Institution Buyer Credit (FIBC) policies backstop credit lines for Geneva – based Trafigura to broker natural gas purchases from the US “primarily to European Buyers,” according to the EXIM announcement.

The subsidies to Trafigura’s bankers, Citibank and Credit Agricole “could support over 12,000 U.S. jobs,” according to EXIM. According to EXIM, each policy is for \$200 million, with a 90 percent guarantee, for a taxpayer exposure of \$360 million.

Trafigura, which reported profits of \$7 billion last year, has been under investigation by the US Department of Justice for commodity price manipulation, and was one of the biggest buyers of Russian oil before the war. The firm continues to trade with Moscow, according to reporting by the Financial Times, most recently importing Russian Diesel to Argentina.

The EXIM board also approved a loan commitment of more than \$238 million to support the export of Boeing B737 MAX 8 aircraft to SunExpress Airline in Turkey. According to EXIM, this transaction could support around 1,100 American jobs nationwide.

Bill to Expand CFIUS to Land Purchases

Representative Mike Gallagher (R-WI), Chairman of the Select Committee on the CCP, and Representative Mike Thompson (D-CA) unveiled a key piece of legislation that aims to broaden the jurisdiction of the Committee on Foreign Investment in the United States (CFIUS).

The new law, known as the Protecting U.S. Farmland and Sensitive Sites From Foreign Adversaries Act, comes as a response to growing concerns over foreign adversary entities acquiring land near sensitive sites, including military facilities.

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Editor: Frank Ruffing +1.703.283.5220. fruffing@traderegs.com

The proposed bill represents the first amendment to the CFIUS mandate since 2018 and includes a cross-party group of co-sponsors, from both rural and urban districts.

"The United States cannot allow foreign adversaries like the Chinese Communist Party and its proxies to acquire real estate near sensitive sites like military bases or telecom infrastructure, potentially exploiting our critical technology and endangering our servicemembers," said Rep. Gallagher.

"This bill gives CFIUS jurisdiction over foreign adversary real estate transactions to guard against the threat of the CCP and other adversaries purchasing land for malign purposes, and it also encourages CFIUS to consider food security issues as it evaluates the national security risk of a given transaction."

The proposed legislation includes the following provisions:

- It expands CFIUS' authority to oversee all land purchases by foreign adversary entities, barring exceptions for urban real estate and single housing units.
- It authorizes CFIUS to consider U.S. food security, including through biotechnology acquisitions, as a factor in its national security reviews. It also necessitates the Secretary of Agriculture's vote in CFIUS reviews of transactions involving farmland or agriculture technology.
- It sets a "presumption of non-resolvability" for CFIUS reviews, which means a higher approval threshold for transactions by a foreign adversary entity purchasing land near sensitive sites.
- It mandates CFIUS filing for foreign adversary entities making land purchases near sensitive sites to keep CFIUS informed about ongoing real estate purchases.
- It expands the list of sensitive national security sites designated for CFIUS jurisdiction.

The term "foreign adversary" is defined as:

The People's Republic of China, including all Special Administrative Regions; Cuba; Iran; North Korea; The Russian Federation; and Venezuela during any period in which Nicolás Maduro is President of the Republic.

The term "foreign adversary entity" is described as:

- A foreign adversary;
- A foreign person subject to the jurisdiction of, or organized under the laws of, a foreign adversary; and
- A foreign person owned, directed, or controlled by an entity described in the previous two points.

The expanded definition of a "Sensitive Site" includes:

- Military installations; Special use airspace; U.S. intelligence facilities
- Research and development centers
- Airports; Maritime ports
- Significant telecommunication facilities; Electric power plants
- Any other sites as determined by the Secretary of Defense or the Secretary of Homeland Security.

Missing from the list of supporters was **Rep. Beth Van Duyne** (R-TX) who recently introduced the *Protecting American Farmland Act* proposing a 60% excise tax on "Countries of Concern" attempting to buy American farm and ranch land.

China and the NDAA

The House Friday passed the FY 2024 National Defense Authorization Act, the legislative vehicle that authorizes all programs and spending for the Department of Defense. Members inserted numerous amendments, many related to the competition with the PRC.

In a statement of Administration policy, the White House said it supports the NDAA, although it took issue with a number of provisions in the House bill. One such provision would prohibit Defense from purchasing computers or printers involving entities owned or controlled by China. "While the Administration appreciates the focus on acquisition security in section 832, this provision would put in place an undue burden on the Department. The Administration is confident in its ability to apply a whole-of-government risk-based approach to IT Federal purchases," according to the SAP.

But the Administration said it specifically endorses language in the bill supporting the President's 2021 executive order that directed the increase of domestic content thresholds for government procurement, including major defense acquisition programs, ramping up to a final target of 75 percent in 2029.

The Senate is working on its own version of the NDAA, which Senate Majority Leader Chuck Schumer (D-NY) says will include provisions aimed at making the United States more competitive against China.

Amendments Approved

During consideration, the House approved the following amendments by voice vote:

- Directing the Secretary of Defense, in coordination with the relevant federal agencies, to conduct a study on the impacts to United States national security from Chinese influence in the electric vehicle supply chain.
- Requiring the Secretary of Defense to submit a report to Congress with an updated supply chain assessment of certain semiconductor metals with national security applications.
- Requiring the annual China Military Power report to provide an assessment of the PRC's development in critical and emerging technologies and identify at least 10 PRC entities that are operating in each technology with their known affiliation with the PLA.
- Requiring DOD and State to do a joint assessment on current and future constraints to the US defense supply chain; specifically the supply chain that goes towards weapons manufacturing for the US military and FMS.
- Expressing the sense of Congress that the United States is dangerously dependent upon foreign adversaries for the procurement of natural rubber.

The Gallagher Committee on the CCP announced Friday the insertion into the final house language of nineteen items which they called "Ten for Taiwan."

1. study for enhanced military coordination with Taiwan, including potential for a combined military planning group.

2. A Department of Defense (DoD) review for achieving supply chain independence for critical minerals from foreign adversaries.
3. Protection of U.S. biotech leadership by prohibiting acquisitions of genetic sequencing equipment from Beijing Genomics Institute (BGI) and subsidiaries.
4. Annual reports on China's advancement in critical and emerging technologies.
5. A directive for the Secretary of Defense to align Foreign Military Sales with priority theaters of operation.
6. Assessment of options for the development of low-cost anti-ship weapons to bolster deterrence in the Indo-Pacific.
7. A prohibition on DoD contracting with Chinese military companies listed on the 1260H list to secure defense supply chains.
8. Restrictions on DoD-funded research collaborations with People's Liberation Army (PLA) affiliated entities.
9. Independent assessments of the Pacific Deterrence Initiative and China's defense budget.
10. A plan for integrating Long-Range Anti-Ship Missiles (LRASM) with legacy aircraft fleets.
11. Strengthening Taiwan's military cybersecurity cooperation.
12. Congressional oversight to ensure speedy defense plan implementation for Taiwan.
13. A strategy for conventional ground-based missile deployment in the Indo-Pacific.
14. Prohibition on DoD using consulting services from firms also consulting with the PLA.
15. Promotion of the Deployable Air Base System to support rapid deployment of Air Force assets.
16. Defense cooperation with U.S. partners facing similar security challenges to Taiwan.
17. Support for unmanned aerial, surface, and subsurface vehicles in the Indo-Pacific.
18. Closure of Confucius Institutes operating under DoD waivers by the end of Fiscal Year 2026.
19. Actions to counter the threat posed by the LOGINK logistics management platform.

African Group's WTO Reform Ideas

Geneva (Via WTD). The African Group has proposed initiatives for reforming the World Trade Organization (WTO) to promote industrial development. With the upcoming WTO's 13th ministerial conference in February 2024, the group aims to rebalance existing WTO rules to foster their industrial growth.

These proposals highlight six themes, with a focus on the transfer of technology and resilience building across sectors like agriculture, climate change, and e-commerce.

The group criticizes the impact of the TRIPS Agreement on the response to the COVID-19 pandemic and manufacturing capacity in developing nations, suggesting that the TRIPS Council should explore ways to promote technology that benefit both producers and users.

On trade facilitation, the group calls for reflection on the effects of digital technologies, intellectual property protections, and how they could impact the transfer of technology to developing nations. They also stress the importance of technology transfer in building agricultural resilience, considering the role of technology in revolutionizing agricultural trade in industrialized nations.

In regards to climate change, they propose a reset of the narrative, focusing on applying existing WTO rules on technology transfer to diffuse climate change technologies, including compulsory licensing.

They also want to address accessibility to source codes in the context of a secure, transparent, and trusted technology environment as part of the E-commerce work program.

The proposal aims to analyze the relationship between technology transfer and economic development, assess the role of the “flexibilities” contained in the TRIPS agreement, assess the role of technical assistance and capacity-building programs, and consider how to best enable micro, small, and medium enterprises to benefit from various technology transfer tools. The proposal, however, is a call for change and it's unclear how the African Group plans to negotiate these reforms.

Taking on TRIPS. The African Group has exposed the failings of the World Trade Organization’s TRIPS Agreement in combating the COVID-19 pandemic, underscoring the need for “policy space” in grappling with unaddressed issues so as to ensure mistakes are not repeated in future health emergencies, our correspondent reports. [\[more\]](#)

Foreign Agent Registration Amendment Proposed

A bipartisan group of lawmakers led by Chairman Mike Gallagher (R-WI) and Ranking Member Raja Krishnamoorthi of the Select Committee on the Chinese Communist Party introduced legislation aimed at closing a loophole in the Foreign Agents Registration Act of 1938 (FARA) that has allowed individuals to evade disclosure requirements by terminating their status as foreign agents before they are compelled to register.

Last year, a DC district judge ruled that a suspected foreign agent, who ceased lobbying on behalf of the Chinese government before legal proceedings began, could not be held liable for failing to register under FARA. The new legislation aims to prevent such instances in the future.

This legislation, named the "Retroactive Foreign Agents Registration Act," seeks to amend the Foreign Agents Registration Act (FARA) of 1938. The primary aim of the amendments is to clarify the obligation of individuals who previously served as agents for foreign principals to retroactively register as foreign agents for the activities they carried out on behalf of these principals.

Key provisions of the proposed legislation include:

The clarification of obligations to retroactively register as agents of foreign principals. This involves amending the wording in section 2(a) of FARA, replacing "for the period" with "covering the period". The change applies to any individual who served as an agent of a foreign principal under FARA at any time before, on, or after the date of this new Act's enactment.

Permitting orders that require compliance with the Act to be applied retroactively. The legislation amends section 8(f) of FARA to give the Attorney General the ability to require a person to comply with the Act or any regulation under the Act, even after their service as a foreign agent has ended. This amendment also applies to anyone who served as an agent of a foreign principal under FARA at any time before, on, or after the enactment date of the new Act.

*** Briefs ***

[Europe Adopts Data Privacy Deal](#)

The European Commission has adopted its adequacy decision for the European Union-US Data Privacy Framework, concluding that the United States ensures an adequate level of protection – ... [READ MORE](#)

[USMCA Cancun Statement Released](#)

Three years into the US-Mexico-Canada Agreement, the North American trade partners are still working on implementation while looking ahead to some new issues. One week after the Ministerial meetings, the participants released their joint statement, reflecting modest progress. [READ MORE](#)

[USTR Looks to Mexico on Environment Case](#)

The Administration is hoping to see a quick resolution of consultations with Mexico over protection of relating to the protection of the critically endangered vaquita porpoise, the prevention of ... [READ MORE](#)

[EU Issues Foreign Subsidies Regulation Guidance](#)

The European Commission has put into effect new rules for the Foreign Subsidies Regulation (FSR), aimed at enhancing transparency and fairness in EU business operations with significant foreign contributions.

The Implementing Regulation, which details these rules, specifically addresses reporting obligations for companies in the event of market concentrations and public procurement procedures involving foreign financial contributions. [READ MORE](#)

[EXIM Loosens Repayment Terms](#)

The US Export-Import Bank will begin offering longer repayment terms and additional flexibilities for most transactions.

The new flexible financing terms and conditions are a result of a modernized agreement with Organization for Economic Cooperation and Development Arrangement Participants.

The modernization agreement will allow ExIm to provide longer repayment terms for most transactions, offer lower risk premium rates for certain borrowers using longer repayment terms, and create further incentives for a wider range of "climate friendly and green" transactions. [READ MORE](#)

[New FDI in US Down in 2022](#)

New foreign direct investment in the United States dropped by \$185.1 billion – or 51 percent – in 2022, compared to the \$362.6 billion recorded the previous year, the Commerce Department reported last week. Expenditures by foreign direct investors to acquire, establish or expand US businesses totaled \$177.5 billion in 2022, according to the Bureau of Economic Analysis report. [READ MORE](#)

[Gallagher Committee Maintains Drumbeat](#)

US corporate executives need to “take off the golden blindfolds and stare with clear eyes at the growing peril of doing business with China,” Rep. Mike Gallagher (R-Wisc) said Thursday evening. Rep. Gallagher chairs the Select Committee on the Chinese Communist Party, which held a hearing on the risks of doing business in China.

“There is no such thing as a private company in China,” he said. “Beijing reserves the right to swipe any data, seize assets and filch any IP it wants. [READ MORE](#)

[Lawmakers Chide US Firms on China Ties](#)

Congressional lawmakers chided US corporations for continuing to do business with China, saying that some firms are subsidizing Beijing’s human rights abuses, including forced labor.

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[House Subpoenas State Sanction Documents](#)

House Foreign Affairs Committee Chairman Michael McCaul (R-Texas) has subpoenaed Secretary of State Antony Blinken in order to obtain the department’s “competitive actions” ... [READ MORE](#)

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Treasury Secretary Janet Yellen yesterday described her meetings with top Chinese officials as “direct, substantive and productive,” but acknowledged “significant differences” ... [READ MORE](#)

[OFAC Chief Moves to FinCEN](#)

The U.S. Treasury Department announced that Andrea Gacki has been appointed as the new Director of the Financial Crimes Enforcement Network (FinCEN). Previously, Gacki served as the head of the

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[Defense Contractors Settle Anti-Boycott Charges](#)

The Bureau of Industry and Security (BIS), declared the enforcement of financial penalties against two defense companies, resolving alleged infractions of the antiboycott regulations of the ... [READ MORE](#)

["Moscow's Man" in Belgrade Sanctioned](#)

Treasury's Office of Foreign Assets Control (OFAC) imposed sanctions today on Aleksandar Vulin, a high-ranking Serbian official. Vulin has been associated with various illegal activities, including transnational organized crime and drug trafficking.

As the Director of Serbia's Security Information Agency, and former Minister of Defense and Minister of the Interior, Vulin is accused of exploiting his official roles to further Russia's interests in the Western Balkans, negatively affecting the region's stability and security. [READ MORE](#)