

# Washington Tariff & Trade Letter

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## Top Stories

### [US, EU Talk Steel Arrangement](#)

The top US and European Union trade officials had a “direct and candid” discussion yesterday on negotiations to create an agreement governing steel and aluminum trade.

US Trade Representative Katherine Tai and European Commission Executive Vice President Valdis Dombrovskis met in Brussels as the two sides seek to reach agreement on the proposed Global Arrangement on Sustainable Steel and Aluminum by October. [READ MORE](#)

### [House Leaders Bash Ford Sourcing Plans](#)

In a sternly worded letter to CEO Jim Farley of the Ford Motor Company, two of the House’s leading China Hawks lashed into the company’s plans to license Chinese technology for electric vehicle battery production, calling for access to Ford’s business records and correspondence related to the deal. [READ MORE](#)

### [EXIM Chief Tours Angola, Touts Funding](#)

Export-Import Bank of the United States (EXIM) President and Chair Reta Jo Lewis traveled to Luanda, Angola, where she met with government leaders, private sector companies and external stakeholders to highlight EXIM’s activity in the region. She also spoke at the Luanda International Trade Fair.

In June, Exim approved a direct loan for more than \$900 million to the Ministry of Energy and Water of the Republic of Angola to support the construction of two photovoltaic solar energy power plants. [READ MORE](#)

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## [USMCA / Goodyear Plant Remediation Announced](#)

The United States and Mexico announced a course of remediation to address denials of rights at the Goodyear facility in the city and state of San Luis Potosí. The announcement marks the fourth time the United States and Mexico have agreed on a formal course of remediation under the United States-Mexico-Canada Agreement (USMCA)'s Facility-Specific Rapid Response Labor Mechanism (RRM).

The July 19th announcement follows a request the United States sent to Mexico on May 22, 2023, asking Mexico to review whether Goodyear was failing to provide workers with the beneficial terms of an existing sector-wide agreement (contrato ley) in place for the rubber manufacturing industry. [READ MORE](#)

## WTO Update

### [WTO Debate over Electronic Transmissions](#)

Developing countries such as India, South Africa, Türkiye, Argentina and Indonesia among others are pushing back against attempts by a group of countries, including the European Union and Australia, and supported by the United States, insisting that electronic transmissions “covers anything transmitted by telecommunications” and also include “content” through the internet under the World Trade Organization’s e-commerce moratorium, our correspondent writes. [READ MORE](#)

### [Debate over WTO Budget Resumes](#)

World Trade Organization Director-General Ngozi Okonjo-Iweala apparently received a frosty response from several members, including the United States, to her “modest budget increase of CHF 14.56 million (around \$ 15 million) for 2024,” and an additional CHF 1.94 million for 2025, according to our correspondent. [READ MORE](#)

### [WTO Indonesia Sparks Hope in Fishery Discussions](#)

Indonesia has offered an optimistic outlook during the recent World Trade Organization's (WTO) "Fish Week" discussions, pushing towards a balanced agreement about fishery subsidies, particularly focusing on issues of overcapacity and overfishing. [READ MORE](#)

### [Trying to Narrow WTO MC13 Agenda](#)

World Trade Organization members echoed their differences over the priority issues to be taken up at the upcoming senior officials meetings, with a majority of members coalescing around the second wave negotiations of the fisheries subsidies agreement, reform of the dispute settlement system – including WTO reform and agriculture, WTD has learned.

WTO Director-General Ngozi Okonjo-Iweala told a meeting of the Trade Negotiations Committee that members should make use of the October 23-24 senior officials meeting to “narrow down realistic deliverables” for agreement at the WTO’s 13th Ministerial Conference in early 2024. [READ MORE](#)

## Customs & Border Protection

### [CBP Updates De Minimus FAQs](#)

Customs and Border Protection has introduced an updated Frequently Asked Questions page, providing importers and policymakers current information on the state of the hotly debated import provision.

... [READ MORE](#)

### [CBP / Customs Automation Program Test Extended](#)

Customs and Border Protection (CBP) has issued a notice republishing and superseding the previous General Notice published on December 2, 2022. This notice pertains to the National Customs Automation Program (NCAP) Test, concerning the submission of unique entity identifiers for the Global Business Identifier (GBI) Evaluative Proof of Concept (EPOC) via the Automated Commercial Environment (ACE). [READ MORE](#)

### [CBP Counterfeit & UFLPA Mid Year Update](#)

CBP released a mid-year report on efforts to eliminate counterfeit goods from the supply chain, as well as those made with forced labor from the Xinjiang Uyghur Autonomous Region of China. The ... [READ MORE](#)

### [GAO finds Flaws in 232 Tariff Exclusions](#)

Despite tariffs on imported steel and aluminum products under Section 232, companies can apply to Commerce to be excluded from paying these tariffs. Commerce then tells Customs and Border Protection how to administer approved exclusions.

Companies didn't use the majority of the exclusions, and CBP generally administered them as instructed. However, weaknesses in CBP's process allowed some exclusions to be used incorrectly. This resulted in \$32 million in unpaid duties, as of November 2021. [READ MORE](#)

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## Trade Negotiations & Agreements

### **EU Begins US Critical Minerals Agreement Talks**

The European Council adopted a decision 20 July authorising the Commission to open negotiations, on behalf of the EU, with the United States on a Critical Minerals Agreement (CMA) and the related negotiating directives.

This agreement seeks to strengthen critical minerals supply chains and mitigate some of the negative repercussions of the US Inflation Reduction Act (IRA) on EU industry. [READ MORE](#)

### **USTR / Caribbean Basin Initiative - Request for Comments**

The U.S. Trade Representative has to submit a report to Congress regarding the operation of the Caribbean Basin Initiative (CBI) on or before December 31, 2023.

The deadline for the submission of written comments is 11:59 EDT on August 18, 2023. [READ MORE](#)

### **Pacific Trade Pacts Reconciled?**

The global trading system stands at a crossroads with the emergence of two significant trade frameworks in the Pacific region. During a panel discussion in the Trade Winds event series on Wednesday, experts and former trade officials from the United States and South Korea discussed the roles and potential impacts of the Comprehensive and Progressive Agreement for Trans-Pacific Partnership (CPTPP) and the Indo-Pacific Economic Framework (IPEF). [READ MORE](#)

### **Senate Approves US-Taiwan Trade Deal**

Legislation (HR 4004) approving the first phase of the US-Taiwan Initiative on 21st Century Trade is on its way to the President's desk after being passed by the Senate.

The US-Taiwan deal is not a traditional free trade agreement and the Administration does not believe it requires Congressional approval.

But both chamber of Congress approved the legislation in order to assert Congressional authority over trade and set transparency and consultation requirement for any further agreements negotiated under the initiative. [READ MORE](#)

### **AUKUS Trade Authorization Mechanism (ATAM)**

The State Department has published a Memo articulating the AUKUS Trade Authorization Mechanism (ATAM) designed to facilitate trade of U.S. defense articles and defense services between the United States, the UK, and Australia in support of AUKUS programs,

The AUKUS Trade Authorization Mechanism will provide a consistent framework that will cover Direct Commercial Sales (DCS) (private sector-to-government or private sector-to-private sector transfers) as well as some items that were previously sold as Foreign Military Sales (FMS) (government-to-government agreements) but may be handled as DCS under ATAM. [READ MORE](#)

## **Senate Committee Approves Submarine Transfer to Australia under AUKUS Pact**

The Senate Foreign Relations Committee has approved the transfer of nuclear-powered submarines to Australia, a move that signifies progress for the AUKUS security pact. The decision was part of the National Defense Authorization Act, granting Australia a unique 20-year exemption from the stringent export rules of ITAR. [READ MORE](#)

## **House Foreign Affairs Markup of AUKUS Set Wednesday July 26**

The full committee will hold a markup to consider various measures regarding oversight of State Department implementation of AUKUS along with other bills [READ MORE](#)

# **Gallagher Committee**

## **Derisk, Decouple, Diversify: Gallagher Committee Churns Ahead**

Members of the House Select Committee on the Chinese Communist Party continue their effort to challenge diplomats, bureaucrats and captains of industry a quest to bring trade security policy in line with the 24 hour news cycle.

Committee Chair Mike Gallagher's key take away from his panel's hearing Thursday on the Administration's China policy is that the White House seems unclear on what it means by economic "derisking" from China.

"If the core tenet of the Biden strategy toward China is derisking, we have to understand what that means. It's a little muddy," he said. [READ MORE](#)

## **Gallagher Committee Targets Cal - China Collaboration**

Rep. Mike Gallagher (R-WI), Chair of the Select Committee on the Chinese Communist Party, and Rep. Virginia Foxx (R-NC) of the Education and the Workforce Committee, recently sent a letter to the President and Chancellor of the University of California, Berkeley. expressing concerns about the University's joint institute with Tsinghua University and the Shenzhen government in China..

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The lawmakers pointed out that the Tsinghua-Berkeley Shenzhen Institute (TBSI) provides the People's Republic of China (PRC) with easy access to Berkeley's research and expertise. They emphasized that this access potentially allows the PRC to gain economic, technological, and military advantages. [READ MORE](#)

## [US Venture Capital Investment in China](#)

As lawmakers raise questions of whether restrictions should be imposed on US investment in China, the Select Committee on the Chinese Communist Party is launching an investigation into US venture capital firms' investment in Chinese cutting edge technologies.

Committee Chairman Mike Gallagher (R-Wisc) and ranking Democrat Raja Krishnamoorthi (Ill) sent letters to four US venture capital firms – GGV Capital, GSR Ventures, Qualcomm Ventures and Walden International – demanding information about the firms' investments in Chinese artificial intelligence, semiconductor and quantum companies. [READ MORE](#)

## More Politics of Trade

### [Foreign Ownership of US Cropland in Focus](#)

Sens. Tammy Baldwin (D-Wisc) and Chuck Grassley (R-Iowa) have introduced bipartisan legislation to increase transparency and oversight of foreign ownership in the US agricultural industry.

The Farmland Security Act of 2023 builds on the senators' bipartisan Farmland Security Act of 2022 by ensuring that all foreign investors, including "shell companies," who buy US agriculture land report their holding. [READ MORE](#)

### [Bipartisan FDI Promotion Advanced](#)

U.S. Senators Todd Young (R-Ind.) and Gary Peters (D-Mich.) have introduced the Global Investment in American Jobs Act of 2023, a bipartisan bill with the objective of boosting America's global competitiveness and attracting foreign direct investment to the nation.

The bill calls for a comprehensive government-wide review of strategies to enhance America's attractiveness to foreign investors. The Secretary of Commerce will be tasked with conducting this review and subsequently reporting the findings to Congress. [READ MORE](#)

### [More Attacks on OECD Pillar Two Tax Rule](#)

Rep. Ron Estes (R-KS), has introduced the Unfair Tax Prevention Act, aimed to deter foreign countries from implementing the Organization for Economic Co-operation and Development's (OECD) Pillar 2 Under Taxed Profit Rule (UTPR) surtax, a measure some argue is a threat to U.S. jobs and tax revenues. [READ MORE](#)

## [McCaul: Security Trumps Chips Profits](#)

As semiconductor industry officials were on Capitol Hill urging lawmakers against imposing more export controls on the sale of high-tech chips to China, House Foreign Affairs Committee Chairman Michael McCaul (R-Texas) called on manufacturers to put US national security first.

In a statement, Rep. McCaul said he supports the Administrations restrictions on exports to China and believes controls need to be further updated to address artificial intelligence technology. [READ MORE](#)

# Compliance & Enforcement

## [OFAC Heavies Up Russia Sanctions](#)

Treasury's Office of Foreign Asset Control designated dozens of entities Thursday as Washington continues to apply economic pressure on Moscow for it's invasion of Ukraine.

The July 20 actions address munitions, metals & mining, finance, energy and aerospace technology interests. [READ MORE](#)

## [BIS Blacklists Cyber Firms](#)

Bureau of Industry and Security (BIS) is adding four Cyber surveillance entities to the Entity List under the destinations of Greece, Hungary, Ireland, and North Macedonia.

The ERC determined to add the firms to the Entity List for "trafficking in cyber exploits used to gain access to information systems, thereby threatening the privacy and security of individuals and organizations worldwide." [READ MORE](#)

## [OFAC Sanctions Balkan Businessman](#)

Treasury's Office of Foreign Assets Control (OFAC) designated Jordan "Orce" Kamcev, in North Macedonia pursuant to Executive Order (E.O.) 14033. Mr. Kamcev has been ... [READ MORE](#)

## [OFAC / Covid-Related Web General Licenses Updates](#)

he Department of the Treasury's Office of Foreign Assets Control (OFAC) is publishing three web general licenses (GLs) issued in the Syria Sanctions Regulations, Iran Transactions and Sanctions ... [READ MORE](#)

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## [BIS Guidance - Best Practices for License Applications for Medical-related Items](#)

BIS has published best practices for submitting export license applications for medical-related items destined for Russia, Belarus, and the occupied/covered regions of Ukraine.

It reflects the U.S. Government's position that the Russian and Belarusian people are not the target of export controls imposed on Russia and Belarus due to their activities in Ukraine. [READ MORE](#)

## [Deutsche Bank Fined for AML Violations](#)

The Federal Reserve Board on Wednesday announced two enforcement actions against Deutsche Bank AG, its New York branch, and other U.S. affiliates.

First, the Board issued a consent order and a \$186 million fine based on unsafe and unsound practices and violations of the Board's 2015 and 2017 consent orders with Deutsche Bank relating to sanctions compliance and anti-money laundering controls. [READ MORE](#)

## Worth Noting

### [USITC Announces Distributional Effects of Trade Series](#)

The U.S. International Trade Commission (USITC) has instituted the first of five investigations that will synthesize and critically review information on the potential distributional effects of goods ... [READ MORE](#)

### [USDA Agribusiness Trade Mission to Malaysia & Singapore](#)

The U.S. Department of Agriculture Under Secretary for Trade and Foreign Agricultural Affairs Alexis Taylor will lead an agribusiness trade mission to Malaysia and Singapore on Oct. 30-Nov. 3. [READ MORE](#)