

# Washington Tariff & Trade Letter

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## [New Criminal Division Chief Takes Helm](#)

Acting Assistant Attorney General Nicole M. Argentieri reviewed developments in the Criminal Division's revised enforcement policies, citing examples in the department's caseload year to date.

Previously Principal Deputy Assistant Attorney General, Ms. Argentieri assumed her current role in August replacing Assistant Attorney General Kenneth Polite. Her remarks were delivered at the American Bar Association 10th Annual London White Collar Crime Institute October 10, 2023. [READ MORE](#)

## [DDTC Update with Acting Chief Tim Betts](#)

At the recent Defense Trade Advisory Group Meeting, Timothy A. Betts, the Acting Deputy Assistant Secretary, presented an overview of the significant developments and accomplishments of the Directorate of Defense Trade Controls (DDTC), as well as the announcement of his replacement by Compliance Director Jae Shin. [READ MORE](#)

## [Senators Call for Action on Canada Digital Tax](#)

Senate Finance Committee Chair Ron Wyden, (D-Ore.), and Ranking Member Sen. Mike Crapo, (R-Idaho), called on U.S. Trade Representative Katherine Tai to make clear the United States will forcefully defend American employers against discriminatory taxes being proposed by Canada.

Canada is moving forward with a 3 percent tax on large digital services companies, which the senators assert would be levied almost exclusively on American companies. It goes into effect in 2024, but is retroactive to 2022. [READ MORE](#)

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## [WTO: Gearing up for Senior Officials Meeting](#)

World Trade Organization (WTO) members convened to discuss the array of issues laid out by Director-General Ngozi Okonjo-Iweala for the Senior Officials Meeting (SOM). Despite the discussions, doubts persist among those familiar with the matter regarding the potential for meaningful outcomes from this high-profile event.

The SOM, scheduled for October 23-24, has been specifically organized to prepare deliverables and provide guidance for the negotiations leading up to the WTO's 13th ministerial conference in February 2024. During an informal heads of delegations meeting, the Director-General emphasized that the SOM should be structured to ensure full participation, inclusiveness, and transparency. [READ MORE](#)

## [WTO: Fishing for Progress](#)

WTO's sixth "Fish Week" began on 9 October, shifting to text-based negotiations on overcapacity and overfishing subsidies. With the Senior Officials Meeting set for 23-24 October and the 13th Ministerial Conference (MC13) on 26-29 February 2024, intensification in talks is evident. [READ MORE](#)

## [WTO: DSU Reform Chair Releases Preliminary Text](#)

The individual overseeing the informal talks about reforming the World Trade Organization's (WTO) dispute resolution system has shared a confidential preliminary draft. This draft appears to significantly weaken the enforcement capacity of the WTO, seemingly in alignment with the preferences of the United States, according to those privy to the document.

The initial draft, as viewed by our correspondent, includes a footnote suggesting that the document may eventually take the form of a "Ministerial Decision." Yet, the final format will be determined by the plenary based on the document's substantive content. [READ MORE](#)

## [Ending Chinese PNTR would Cost \\$31 Billion](#)

American consumers could lose \$31 billion in spending power if U.S. tariffs are raised on common household products like microwaves and T-shirts imported from China, according to a new report released today by the National Retail Federation. The study, examines how ending the country's permanent normal trade relations (PNTR) trade status would impact five specific consumer product categories including toys, furniture, apparel, household appliances and footwear

For all of the products reviewed,, very little of the production currently sourced from China can be moved to other countries. Sourcing of products subject to Section 301 tariffs (apparel, footwear, furniture) has already moved to the extent possible. For other products not yet subject to those tariffs (household appliances, toys), China accounts for most if not nearly all of the supply from international manufacturers partly because efforts to move production are more challenging. [READ MORE](#)

## [Rep. Comer Presses USTR on FTC Engagement](#)

Following on his August complaints about the Federal Trade Commission being engaged in digital trade negotiations as part of the Indo-Pacific Economic Framework (IPEF) negotiations, House Committee on Oversight and Accountability Chairman James Comer (R-Ky.) has turned to the Office of the United States Trade Representative's (USTR) role.

In a letter to USTR Ambassador Katherine Tai, Chairman Comer raises concerns that the USTR has failed to transparently engage with Congress during the negotiations as they seek to rewrite rules for competition and digital trade. [READ MORE](#)

## [Fish Hawks: China Committee Heads to Sea](#)

Following the release of NOAA's 2023 Report to Congress on Improving International Fisheries Management, which found that the PRC had failed to take corrective actions to address U.S. concerns, Chairman Mike Gallagher (R-WI) and Ranking Member Raja Krishnamoorthi (D-IL) of the House Select Committee on the Chinese Communist Party, alongside a group of bipartisan lawmakers, wrote to National Oceanic and Atmospheric Administration (NOAA) Administrator Richard Spinrad, urging him to take immediate action against illegal, unreported, and unregulated (IUU) Chinese fishing fleets that operate globally. [READ MORE](#)

## [BIS: Korean Chipmaker's China Ops "Validated End Users"](#)

The Commerce Department's Bureau of Industry and Security (BIS) is issuing a rule updating the general authorizations for Samsung and SK hynix—companies headquartered in the Republic of Korea (RoK) – for their semiconductor fabrication facilities in the Peoples Republic of China (PRC). Samsung's and SK hynix's PRC facilities are Validated End-Users (VEUs). VEUs can apply for, and after national security review and approval by the U.S. government, obtain a general authorization to acquire certain items rather than seeking multiple individual licenses. Today's rule updates the items that may be exported to these companies under the VEU authorization. [READ MORE](#)

## [DDTC Issues New ITAR Compliance Risk Matrix](#)

The Department of State, Directorate of Defense Trade Controls (DDTC) is issuing a new ITAR Compliance Risk Matrix, accompanied by a supplemental risk matrix specific to universities. These risk matrices are intended to assist organizations in assessing their level of ITAR compliance risk and assist in the evaluation of potential compliance risks that are specific to each organization and that, if left unaddressed, may lead to ITAR violations. The new risk matrices are available for download on the DDTC website. [READ MORE](#)

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## Census Trade Regulations Branch on Ultimate Consignee

The U.S. Census Bureau's Trade Regulations Branch regularly receives questions regarding who the Ultimate Consignee is in an export transaction. The questions become more complicated when an end user and the Ultimate Consignee are two different entities, and they reside in two different countries.

In a two-part posting, Gerry Horner, Chief of the Trade Regulations Branch addresses some of your frequently asked questions on the Ultimate Consignee and the end user based on the Foreign Trade Regulations (FTR). [READ MORE](#)

## Wassenaar: Comments on Gas Turbine Engine Components etc.

During the December 2022 Wassenaar Arrangement on Export Controls for Conventional Arms and Dual-Use Goods and Technologies (WA) Plenary meeting, Participating States of the WA made certain decisions affecting the WA dual-use and munitions control lists, which BIS is now implementing via amendments to the CCL.

BIS seeks comments on restricting STA eligibility for countries in EAR Country Group A:5 of certain technology for the development of supersonic aero gas turbine engine components controlled under ECCN 9E003.k, formerly controlled under ECCN 9E001 as part of its ongoing assessment of current export control licensing policy. [READ MORE](#)

## Russian Controlled Airlines Fail in TDO Appeals

Two appeals related to Denial Orders affecting Russian and Turkish Airlines have been denied, one because the TDO had been reversed, and one because the complainant was not named.

Pegas Touristik and Southwind Airlines had filed appeals based on the repetitional damage created by Temporary Denial Orders related to Nordwind Airlines, a Moscow-based holiday package carrier, which remains subject to sanctions.

Pegas Touristik is the Moscow-based tour operator which has owned 100% of Nordwind Airlines since 2008. Southwind Airlines was formed in April 2022 in Antalya Turkey by Pegas Touristik in response to the US Sanctions on Nordwind. Despite the distinction, some MRO providers have been reluctant to maintain Southwind's fleet. [READ MORE](#)

## [Russian Oil Price Cap: Coalition Tightens Enforcement](#)

The Price Cap Coalition released a Maritime Safety Advisory, emphasizing responsible trading in the maritime oil industry and compliance with the price caps.

The Advisory, which is directed at both government and private sector actors involved in the maritime trade of crude oil and refined petroleum products, provides recommendations concerning specific best practices and reflects our commitment to promoting responsible practices in the industry, preventing and disrupting sanctioned trade, and enhancing compliance with the price cap. [READ MORE](#)

## [AAG Olsen Penn Speech on FISA Sec 702](#)

Assistant Attorney General Matthew G. Olsen Delivers Remarks on FISA Section 702 Reauthorization at the University of Pennsylvania's Center for Ethics and the Rule of Law.

"702 is the foundational authority for our efforts to protect the nation...Section 702 is the law that allows the Intelligence Community (IC) to collect the communications of non-U.S. persons located overseas, who are communicating foreign intelligence information, and who are using U.S. communications services. Unless Congress acts, Section 702 will expire at the end of the year. [READ MORE](#)

## [USMCA: Michigan Auto Parts Firm Shuts Mexico Plant](#)

After being cited twice for unfair labor practices under the USMCA, Troy Michigan-based VU Manufacturing has reportedly closed their automotive components facility in Piedras Negras, Coahuila, Mexico.

"[R]ather than comply with the terms of the remediation plan and ensure it is operating consistent with Mexican labor laws, the United States understands that Manufacturas VU has closed the facility and ended operations in Mexico," read a USTR statement. [READ MORE](#)

## [Chamber to Host Raimondo at LatAm Conference](#)

Commerce Secretary Gina Raimondo and Gen. Laura Richardson, Commander, U.S. Southern Command will headline an event promoting trade with Latin America hosted by the US Chamber of Commerce October 24 in Washington. [READ MORE](#)

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## **Forever Chemical Imports Lookback Reporting Rule**

Stainmaster carpet, omelet pans and dental floss have a long regulatory tail, importers are finding. The Environmental Protection Agency (EPA) is finalizing reporting and recordkeeping requirements for per- and polyfluoroalkyl substances (PFAS) under the Toxic Substances Control Act (TSCA). EPA is requiring persons that manufacture (including import) or have manufactured these chemical substances in any year since January 1, 2011, to submit information to EPA [READ MORE](#)

## **EXIM: Electric Airplane Venture to Get \$100 Million**

The board of the Export Import Bank of the United States (EXIM) announced the consideration of a long-term loan or financial guarantee in excess of \$100 million to Beta Technologies, Inc, a Vermont-based builder of battery-powered aircraft.

Beta is building a plant in Burlington VeT and seeking certification from the FAA of its aircraft and manufacturing processes.

"The financing will enable the production of electric-powered aircraft, a portion of which is expected to be exported," according to EXIM. [READ MORE](#)

## **EXIM: Swiss Commodity Trader's \$400 million Backstop Drawn**

Global commodity trading powerhouse Trafigura announced the establishment of \$400 million revolving credit facilities subsidized by the Export Import Bank of the US (EXIM).

Each policy is for \$200 million, with a 90 percent guarantee, for a taxpayer exposure of \$360 million. The subsidies to Trafigura's bankers, Citibank and Credit Agricole "could support over 12,000 U.S. jobs," according to EXIM statements. [READ MORE](#)