

# Washington Tariff & Trade Letter

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## [AUKUS: Defense Chiefs Announce Pillar II Initiatives](#)

Defense Chiefs of the AUKUS military-industrial alliance met at the Defense Innovation Unit Headquarters at Moffett Field in California to discuss progress for the partnership, especially Pillar II, the broad based defense industrial collaboration.

The three nations are also establishing an AUKUS Industry Forum with trilateral government and industry representatives to help inform policy, technical and commercial frameworks to facilitate the development and delivery of advanced capabilities. The initial meeting of that forum will occur in the first half of 2024.

In a Joint Statement, the Secretaries and Deputy Prime Minister reaffirmed the three nations' commitment to maximize the strategic and technological advantage of AUKUS . They agreed that advancing AUKUS requires continued commitment to streamlining defense trade controls and information-sharing while minimizing policy and financial barriers across public and private sectors. [READ MORE](#)

## [WTO: US Digital Trade Cave Criticized](#)

A bipartisan group of 32 senators – including the Senate Finance Committee leaders – is calling on President Biden to reversing a decision to drop long-standing US positions at the World Trade Organization on digital trade.

The US Trade Representative's Office recently pulled back from supporting provisions on the free flow of data across borders and prohibiting forced localization of data as part of ongoing e- commerce negotiations at the WTO.

“Retreating from our longstanding principles without offering a viable alternative does not help US workers, it does not help US consumers, it does not help US businesses, and it does not help US allies; it only helps our adversaries,” the senators wrote in a letter to President Biden. [READ MORE](#)

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## **WTO: More DSS Bickering**

India, South Africa, and Egypt criticized the ongoing informal discussions led by a facilitator concerning reforms to the World Trade Organization's (WTO) dispute settlement system. They expressed concerns about the process's integrity and transparency, leading to "information asymmetry," according to sources familiar with the talks.

During a recent Dispute Settlement Body (DSB) meeting, many developing countries supported the concerns raised by these three nations regarding the informal process. These discussions, facilitated by Guatemala's deputy-trade envoy, Marco Tulio Molina Tejada, originated from US-initiated talks in April 2022. [READ MORE](#)

## **AD/CVD: USITC Holds Firm on Duties for Canadian Softwood Lumber**

The U.S. International Trade Commission (USITC) has determined that revoking the existing antidumping and countervailing duty orders on certain softwood lumber products from Canada would be likely to lead to continuation or recurrence of material injury within a reasonably foreseeable time.

As a result of the Commission's affirmative determinations, the existing orders on imports of this product from Canada will remain in place. [READ MORE](#)

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## **White House Supply Chain Initiative**

President Biden presided over the first meeting of his newly-created Council on Supply Chain Resilience, formed to prevent the shortages in medical and consumer products that took place during the global pandemic.

His Administration's efforts to strengthen US supply chains also means more domestic manufacturing and less reliance on imports, the President said.

"Today, our supply chains are stronger than ever, with backlogs, bottlenecks, and shipping rates at a 25-year low," he said. "We've created 14 million new jobs, including 800,000 manufacturing jobs." [READ MORE](#)

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## **USTR: USMCA Auto Goods Review**

The US Trade Representative's Office has launched a statutory review of trade in automotive goods under the US-Mexico-Canada Agreement. As part of its review, USTR seeking public comments and plans to hold a public hearing to receive input from interested stakeholders. This is the second of five biennial reviews USTR is required to conduct under the USMCA. [READ MORE](#)

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## **Treasury: IRA Vehicle Tax Credit - Foreign Entity Rules**

Treasury and Internal Revenue Service (IRS) released proposed guidance on the clean vehicle provisions of the Inflation Reduction Act (IRA). Today's Notice of Proposed Rulemaking (NRPM) provides clarity and certainty around the IRA's foreign entity of concern (FEOC) requirements.

Beginning in 2024, an eligible clean vehicle may not contain any battery components that are manufactured or assembled by a FEOC, and, beginning in 2025, an eligible clean vehicle may not contain any critical minerals that were extracted, processed, or recycled by a FEOC. [READ MORE](#)

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## [DOE: Foreign Entity of Concern Rule for Battery Funding](#)

As the Department of Energy sets to distributing \$6 billion from the Infrastructure Investment and Jobs Act, to support domestic battery material processing, manufacturing, and recycling, the Department is required prioritize material processing and manufacturing applicants that will not use battery material supplied by or originating from a “foreign entity of concern” (FEOC).

Recognizing that it may be difficult to definitively evaluate the contractual relationships of upstream suppliers, DOE is also considering whether to provide entities with the opportunity to voluntarily request a review of contracts and licensing arrangements by DOE in order to provide additional certainty regarding whether effective control by a FEOC is present. [READ MORE](#)

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## [Ways & Means Clears Taiwan Tax, Terror Funding, Customs Waters Bills](#)

The Ways and Means Committee got some work done Friday in the waning days of the legislative year.

Among legislation approved were bills to revoke the tax-exempt status of charities supporting terrorist organizations, strengthen economic ties with Taiwan, and empower U.S. law enforcement in addressing illicit trade activities taking place in coastal waters. [READ MORE](#)

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## [China Hawks Light on LiDAR](#)

House China hawks called for an immediate investigation of all Chinese Light Detection and Ranging (LiDAR) companies to determine whether their activities justify inclusion on US government restricted entities lists. LiDAR technologies have broad applications in navigation and control, including autonomous systems.

"Given the importance of LiDAR, it is crucial to ensure U.S. technology used in foreign LiDAR systems are not being leveraged by our adversaries to create autonomous military vehicles and weapons. Urgent action is also needed to stop LiDAR produced by state-backed entities from foreign adversary countries to proliferate in the U.S. market or gain access to U.S. capital markets or U.S. critical infrastructure systems," the lawmakers wrote. [READ MORE](#)

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## [More Industry Input on Export Controls](#)

Commerce Secretary Gina Raimondo announced plans to create an Export Control Advisory Panel “to help us get our export controls to be more effective by having a continuous engagement with industry.” The announcement was included in her remarks to the Fall meeting of the President’s Export Council (PEC) November 29th which included a recap of AI initiatives and the announcement of a mission to the ASEAN region in March. [READ MORE](#)

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## **Firearms Export "Pause" Outrage Continues**

House Committee on Oversight and Accountability Chairman James Comer (R-Ky.) joined the chorus requesting information related to the U.S. Department of Commerce's recent decision to cease issuing new export licenses related to certain firearms, firearm components, and ammunition for approximately 90 days to certain countries. [READ MORE](#)

## **FCPA: International Corporate Anti-Bribery Initiative Announced**

In a speech to the 40th International Conference on the Foreign Corrupt Practices Act, the Justice Department's FCPA Chief announced an anti-bribery initiative to drive cross-border collaboration in fighting foreign bribery.

Acting Assistant Attorney General Nicole Argentieri's comments included the announcement of the International Corporate Anti-Bribery initiative, or ICAB, which will be driven by three experienced prosecutors, who will build on existing bilateral and multilateral partnerships, as well as form new partnerships. [READ MORE](#)

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## **FCPA: US to Host Corruption Conference Dec 11**

The United States will host the 10th session of the Conference of the States Parties (COSP) to the United Nations Convention against Corruption (UNCAC) in Atlanta from December 11-15, 2023. [READ MORE](#)

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## **PwC China Cheating Costs \$7 million**

The Public Company Accounting Oversight Board sanctioned PwC China and PwC Hong Kong for violating PCAOB quality control standards related to integrity and personnel management. Both firms failed to detect or prevent extensive, improper answer sharing on tests for mandatory internal training courses.

The PCAOB also sanctioned the accounting firm Haoxin and four of its associated persons for violations of the U.S. securities laws and PCAOB rules and standards in connection with the audits of the 2015-2017 financial statements of Gridsum Holding Inc. [READ MORE](#)

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## **Buy America Fraudster Fined \$2.1 million**

A Virginia tactical gear and equipment company agreed to pay nearly \$2.1 million to resolve False Claims Act allegations that it failed to comply with the requirements of the Buy American Act, Trade Agreements Act and Berry Amendment when selling textile-based products to the Department of Defense. The company marketed its goods as "100% made in America" and replaced the original foreign manufacturers' tags with tags that read "Made in USA." [READ MORE](#)

## **OFAC Sanctions Guatemalan Official**

Treasury's Office of Foreign Assets Control (OFAC) sanctioned Luis Miguel Martinez Morales for his role in corruption in Guatemala wherein he engaged in widespread bribery schemes, including schemes related to government contracts. Martinez is the former head of the now-defunct Centro de Gobierno a powerful quasi-cabinet level agency created by Guatemalan President Alejandro Giammattei at the start of his administration. [READ MORE](#)

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## **FinCEN: Beneficial Ownership Reporting Deadline Extended**

The Financial Crimes Enforcement Network (FinCEN) issued a final rule Nov 29 that extends the deadline for certain reporting companies to file their initial beneficial ownership information (BOI) reports with FinCEN.

Reporting companies created or registered in 2024 will have 90 calendar days from the date of receiving actual or public notice of their creation or registration becoming effective to file their initial reports. [READ MORE](#)

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## **FinCEN: Counter Terrorist Financing Taskforce – Israel**

FinCEN joined twelve financial intelligence units (FIUs) in issuing a public statement November 27, recognizing the formation of a task force of like-minded FIUs who aim to strengthen efforts to disrupt international financial flows to Hamas and other terrorist organizations. [READ MORE](#)

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## **Asset Seizure for Ukraine Reconstruction Act**

Legislation authorizing the Justice Department to more quickly seize high-value assets owned by sanctioned Russian oligarchs and transfer the funds to Ukraine is being sponsored by a bipartisan group of lawmakers.

The Asset Seizure for Ukraine Reconstruction Act would allow Justice to seize high-value assets owned by sanctioned Russian oligarchs more quickly through existing administrative forfeiture processes and transfer the proceeds from those assets to assistance for Ukraine. [READ MORE](#)

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## [China Sanctions Report: Weak Leverage, No Winners](#)

In the event conflict with China warrants further sanctions, the U.S. may find its leverage weaker than desired, according to a new report from the Center for a New American Security (CNAS). [No Winners in This Game: Assessing the U.S. Playbook for Sanctioning China](#) by Emily Kilcrease illuminates the severe constraints on U.S. sanctioning capabilities, particularly if the United States attempts to act unilaterally without key partners.

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## [OFAC: Allied Response to Satellite Launch](#)

OFAC sanctioned eight foreign-based Democratic People's Republic of Korea's (DPRK) agents that facilitate sanctions evasion, including revenue generation and missile-related technology procurement that support the DPRK's weapons of mass destruction (WMD) programs. Additionally, OFAC sanctioned cyber espionage group Kimsuky for gathering intelligence to support the DPRK's strategic objectives. [READ MORE](#)

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## [OFAC: Iran Military Finance Targeted](#)

Treasury's Office of Foreign Assets Control (OFAC) sanctioned over 20 individuals and entities for their involvement in financial facilitation networks for the benefit of Iran's Ministry of Defense and Armed Forces Logistics and Iranian Armed Forces General Staff, and the Islamic Revolutionary Guard Corps-Qods Force. [READ MORE](#)

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## [OFAC: Russia Oil Price Cap Actions](#)

Treasury's Office of Foreign Assets Control (OFAC) sanctioned three entities and blocked three vessels that used Price Cap Coalition services while carrying Russian crude oil above the Coalition-agreed price cap.

The vessels NS Champion, Viktor Bakaev, and HS Atlantica used U.S.-person services while carrying Russian Urals crude priced above \$70 per barrel after the price cap took effect [READ MORE](#)