# Washington Tariff & Trade Letter

Vol. 44, No. 3 <u>wttlonline.com</u> January 15, 2024

### Commerce National Security Strategy on its Way

The Commerce Department plans to announce a department-wide national security strategy in the coming week to address major priorities and move forward on its mission to "protect, promote and preserve our national security," according to Deputy Secretary Don Graves.

The Deputy Secretary offered no details about the upcoming strategy. But he told the gathering that new methods for responding to national security are needed. "At the Department of Commerce, we are focused on national security more than ever. We are investing in our tools today to ensure we're prepared for whatever challenges we may face in our future national security environment." READ MORE

#### **Two New WTO Members Welcomed**

WTO members negotiating the accession of Comoros and Timor-Leste on 9 and 11 January, respectively, agreed by consensus, ad referendum, on the terms of the countries' WTO membership, paving the way for the least-developed countries (LDC) to join the organization.

With the conclusion of the Working Party's mandate, the accession package for both states will be submitted to ministers for a formal decision at the WTO's 13th Ministerial Conference (MC13) in Abu Dhabi on 26-29 February. READ MORE

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#### **WTO: Agriculture Differences Remain**

Doha agriculture negotiations Chair Ambassador Alparslan Acarsoy of Türkiye is understood to have held a meeting with a dozen trade envoys yesterday to elicit their views on how to finalize an outcome document for trade ministers to decide at the World Trade Organization's 13th ministerial conference, our correspondent reports.

The meeting appears to have witnessed some frank discussions, even though the time for arriving at an outcome on agriculture is limited given that MC13 will take place next month. READ MORE

### **No Informal WTO Ministerial at Davos**

The Swiss government has decided not to convene an informal ministerial meeting on the margins of the annual World Economic Forum in Davos this year due to "intense preparations" for the World Trade Organization's 13th ministerial conference that is going to start in Abu Dhabi on February 26.

As trade envoys return from their Christmas break, they face a mountain of challenges on how to resolve their differences on a range of issues/deliverables for the MC13 in the next 45 days. So far, there seems to be little or no convergence on any of the issues that range from the crucial READ MORE

# WTO chief economist breaks down big challenges ahead of trade talks

After a much-hailed ministerial meeting in 2022, the world trade body is gearing up for crucial negotiations in Abu Dhabi. Its chief economist talks to Geneva Solutions about the need for reform and dispels alarmist calls to scrap the whole organisation altogether.

He received Geneva Solutions at his office nestled on the second floor of the WTO's headquarters overlooking the lake. Without venturing into rash predictions, he said he didn't want MC12 to be a "one-time miracle that happened at Lake Geneva, where 164 countries demonstrated that multilateralism is effective". READ MORE

### **Yellen about Trump Tariffs**

Treasury Secretary Janet Yellen on Wednesday said Republican former President Donald Trump's plan to raise tariffs 10% across the board would raise costs for U.S. consumers, although the United States needs some tariffs and is reviewing those linked to China, Reuters news service reported.

"It would certainly raise the cost of a wide variety of goods that American businesses and consumers rely on. In some cases, I think tariffs are appropriate," Ms. Yellen told reporters during a visit to Roxbury Community college in Boston when asked about Trump's proposal. READ MORE

#### **Gallagher Calls out Emirati AI for China Ties**

House Select Committee on China Chairman Mike Gallagher (R-Wisc) is once again airing his concerns about a company with ties to the Chinese military – this time Emirati artificial intelligence ... READ MORE

#### **Trade Deficit Falls in November**

The US trade deficit fell in November thanks to strong US services exports, the Commerce Department reported.

The goods and services deficit was \$63.2 billion in November, down \$1.3 billion from \$64.5 billion in October. READ MORE

#### **EXIM: Saudi MOU Announced**

The US Export-Import Bank signed a memorandum of understanding yesterday with the Saudi Export-Import Bank to facilitate the financing of US exports to the Kingdom of Saudi Arabia.

The MOU will encourage collaboration between the two export credit agencies as well as support exports in a variety of sectors, including climate and energy security, critical minerals projects, infrastructure, transportation and digital technology. READ MORE

## Cunningham Pick as DUSTR. not Welcome says Wyden

Bringing in a longtime confidant and boldface Washington player as point on trade as his campaign kicks off, President Biden announced his intent to nominate Washington lobbyist Nelson Cunningham as Deputy United States Trade Representative.

Senate Finance Committee Chair Wyden said. "Experience representing the interests of multinationals is not the same as considering the views of workers in Toledo and small business owners in Medford. While I'm looking forward to fully vetting this nomination and considering how the Finance Committee will proceed, I would like to see candidates with more diverse and representative experience." READ MORE

# <u>USTR: India-United States Trade Policy Forum (TPF)</u> <u>Joint Statement</u>

The 14th Ministerial-level meeting of the India-United States Trade Policy Forum (TPF) took place on January 12, 2024, in New Delhi, India. Chaired by India's Minister of Commerce and Industry, Shri Piyush Goyal, and U.S. Trade Representative, Ambassador Katherine Tai, the meeting focused on strengthening bilateral trade ties and enhancing economic relations.

The Ministers recognized the TPF's role in boosting India-U.S. trade, which likely surpassed \$200 billion in 2023, despite global trade challenges. Acknowledging the untapped potential, they expressed a mutual desire to diversify and increase bilateral trade.

Significant progress was noted since the 13th TPF, particularly in settling seven long-standing trade disputes at the WTO. These resolutions followed high-level visits between the two countries, including India's Prime Minister Narendra Modi to the U.S. and U.S. President Biden to India. READ MORE

#### **US, China Spar over Export Controls**

Chinese Commerce Minister Wang Wentao took issue with US curbs preventing third countries from exporting lithography machines to China and other export controls during a phone call yesterday with Commerce Secretary Gina Raimondo, according to his office.

"Wang Wentao focused on the United States' restrictions on third-party exports of lithography machines to China, an investigation into the legacy chip supply chain, and sanctions that suppress Chinese enterprises," the Commerce Ministry said in a statement. READ MORE

### **Q1 Technical Advisory Committee Schedule**

The First Quarter Technical Advisory Committees (TAC) meetings begin January 25, 27 and 31 with Information Systems, Emerging Technologies, and Sensors and Instrumentation, respectively.

Transportation and Related Equipment, Regulations and Procedures, and Materials and Equipment meet March 15, 21 and 30, respectively.

The President's Export Council Subcommittee on Export Administration (PECSEA) and solicits nominations for membership. Nominations for members must be received on or before February 8,.READ MORE

# Requests for Nominations: President's Export Council Subcommittee on Export Administration

PECSEA is seeking private-sector members who are preferably senior executives with strategic authority within their companies and with significant operational control around production, supply chains, research and development activities, and/or international sales and should have an understanding of the impact of export controls on these functions and the broader marketplace. READ MORE

### **SAP Settles Bribery Charges for \$220 Million**

SAP SE (SAP), a publicly traded global software company based in Germany, will pay over \$220 million to resolve investigations by the U.S. Justice Department and the Securities and Exchange Commission (SEC) into violations of the Foreign Corrupt Practices Act (FCPA).

According to the SEC complaint, from at least December 2014 through December 2018, SAP employed third-party intermediaries and consultants in various schemes to make improper payments to government officials in order to obtain and retain business in South Africa, Greater Africa (Malawi, Kenya, Tanzania, and Ghana), and Indonesia.

Readers may recall SAP's prior history, which include a non-prosecution agreement from 2021 with the Justice Department's National Security Division, as well as administrative agreements with the Departments of Commerce and the Treasury relating to Iran-related export law violations, and a resolution in 2016 with the SEC concerning alleged FCPA violations in Panama. READ MORE

#### **BIS Issues Forms for EAR Controlled Transactions**

In its first material communication since imposing a "pause" on license issuance for firearms exports, Commerce's Bureau of Industry and Security issued a collection of information addressing three activities: (1) Import Certificates/End Use Certificates, (2) Delivery Verification, and (3) Firearms Entry Clearance Requirements.

This notice is not directed solely at the firearms industry. Import certificate and end user statements are required in other EAR controlled transactions, not just firearms. And the delivery verification process can be used for any transaction under the EAR. It is only the third item that is specifically directed to the firearms trade.

"We don't see this has having a significant impact on our industry," notes Larry Keane of the National Shooting Sports Foundation. READ MORE

# OFAC: Houti Tankers, Russian Air Freight Sanctioned, Gulfstream Freed

Treasury and State announced further sanctions on shipping activities related to the Houthi rebels in Yemen and the Russian Military. OFAC also lifted sanctions on a Gulfstream G650 business jet associated with oligarch Suleyman Kerimov.

OFAC added four tankers two companies in Hong Kong and the United Arab Emirates for shipping Iranian commodities on behalf of the network of Iran-based, Islamic Revolutionary Guard Corps-Qods Force (IRGC-QF)-backed Houthi financial facilitator Sa'id al-Jamal.

Earlier in the week OFAC added several entities and indigenous (Ilyushin and Antonov) aircraft complicit in the transfer to Russia and testing of DPRK-origin ballistic missiles by Russia since late November 2023. READ MORE