

# Washington Tariff & Trade Letter

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## [AD/CVD Rules Update Published](#)

The Commerce Department is updating its trade remedy regulations regarding the administration of the antidumping and countervailing duty laws, formalizing the tariff treatment of non-market economies. The proposed rewrite covers 28 sections of the Tariff Act of 1930, as amended.

Areas impacted include the collection of cash deposits, the application of antidumping rates in non-market economy proceedings, calculation of an all- others' rate, selection of examined respondents, and attribution of subsidies received by cross- owned input producers and utility providers to producers of subject merchandise. [READ MORE](#)

## [Aluminum, PVC and Seafood new UFLPA Priorities](#)

The Forced Labor Enforcement Task Force (FLETF), released an updated Uyghur Forced Labor Prevention Act (UFLPA) Strategy to Prevent the Importation of Goods Mined, Produced, or Manufactured with Forced Labor in the People's Republic of China (PRC).

Notably in this year's strategy, the FLETF has identified new high priority sectors for enforcement – aluminum, polyvinyl chloride (PVC), and seafood – for the first time since 2022. [READ MORE](#)

## [New Melt / Smelt Rules for Mexican Steel & Aluminum](#)

The United States and Mexico are taking new steps to prevent China and other countries from working their way into Mexico's supply chains to avoid paying Section 232 tariffs on steel and aluminum by implementing a new rules of origin. Under the new rules for steel, imports from Mexico will be subject to the 25 percent Section 232 tariff unless it has been melted and poured in either Mexico, Canada or the United States.

A similar "smelt and cast" requirement is being put in place for aluminum from Mexico. Specifically, the imports must not have been smelt or cast in China, Russia, Belarus or Iran if they are to be exempt from the 10 percent Section 232 tariff. [READ MORE](#)

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## TRADE POLICY & POLITICS

### [House Republicans Target Chinese GMO Bean Firm](#)

Republican members of the House Select Committee on the Chinese Communist Party wrote to Secretary of Agriculture Tom Vilsack, inquiring why the U.S. Department of Agriculture greenlit a Chinese agricultural biotech company to operate in the United States. The firm, Qi Biodesign, makes genetically engineered soybean seeds

Committee Chair John Moolenaar (R-MI) questioned the "decision to welcome a Chinese government-backed company that sells genetically engineered soybeans into the U.S." claiming it "raises serious questions for American consumers that mistrust genetic engineering in China." [READ MORE](#)

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### [China's Overcapacity Calls for "Creative Approaches": Treasury Official](#)

The United States may need to find "more creative approaches" to addressing China's overcapacity, since the tradition tariff tool kit may not be enough, Treasury Undersecretary for International Affairs Jay Shambaugh said last week,

Dealing with the economic fallout of Chinese overcapacity "may warrant our taking defensive action to protect our firms and workers – and the traditional toolkit of trade actions may not be sufficient," he said in remarks to the Council on Foreign Relations. [READ MORE](#)

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### [China Select Committee to continue, Speaker says](#)

Speaker of the House Mike Johnson announced his intention to renew the House Select Committee on the CCP for the 119th Congress, according to a committee announcement. The 119th Congress will convene in January 2025. [READ MORE](#)

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### [Nelson in Brisbane: Combat de-risking in the Pacific](#)

Under Secretary for Terrorism and Financial Intelligence Brian Nelson repeated the Treasury's call for bankers to maintain correspondent relationships abroad, and reverse the wholesale cessation of such arrangements for administrative compliance expediency which has been taking place.

"We share the concerns that Pacific Island countries are experiencing among the most serious declines in correspondent banking relationships in the world," he noted. "These terminations of correspondent banking relationships can be calamitous, given that many Pacific Island countries receive approximately 10 percent of their collective GDP in the form of personal remittances." [READ MORE](#)

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## [GOP Call for Section 301 Action on Canada DST](#)

Every Republican on the House Ways and Means Committee joined together yesterday to demand action from the Administration on Canada's decision to impose a discriminatory digital services tax on US businesses. In a letter to US Trade Representative Katherine Tai, the Republicans urged the Administration to launch a Section 301 investigation as a response to Canada's action. [READ MORE](#)

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## TARIFFS & SUPPLY CHAIN

### [DHS Releases Update on UFLPA Enforcement](#)

The Department of Homeland Security, Chair of the Forced Labor Enforcement Task Force (FLETF) released a summary of enforcement efforts since enactment of the Uyghur Forced Labor Protection Act. Highlighted in the fact sheet are the impacts the FLETF has made on Solar, PVC and Cotton supply chains, as well as a summary of the recent designation of New High Priority Sectors for Enforcement [READ MORE](#)

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### [Congo Mineral Concern](#)

The State Department issued a Statement of Concern Tuesday focused on certain minerals supply chains from Rwanda and eastern Democratic Republic of the Congo.

The statement clarifies the specific risks associated with manufacturing products using minerals extracted, transported or exported from eastern DRC, through Rwanda and Uganda, according to State. [READ MORE](#)

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### [US Drug Ingredients Supply Chain Study](#)

The Commerce Department's Bureau of Industry and Security and the Department of Health and Human Services' Administration for Strategic Preparedness and Response announced Tuesday that they are conducting a comprehensive assessment of the US Active Pharmaceutical Ingredient industrial base to gain an understanding of the supply chain network.

The resulting information will allow the federal government to more accurately plan and develop funding strategies to help ensure the availability and security of the API supply chain and to raise awareness of current limited domestic manufacturing capabilities, among other potential issues, according to BIS. [READ MORE](#)

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## WTO

### [Chair Offers Draft Fisheries Text](#)

The chair of the World Trade Organization's Doha rules negotiating body has issued a draft text on addressing fisheries subsidies that contribute to overcapacity and overfishing. The genesis of this latest text appears to be the result of bilateral and small group meetings with the chair and select members said people familiar with the discussions.

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The seven-page draft text issued on Wednesday is based on a two-tier, hybrid approach of sustainability criteria. It highlights the proposal from the United States on forced labor in fishing activities.

Our correspondent notes the chair provided a major carve-out to the two big subsidizers- the European Union and China- to continue their distant water fishing. As deals are being struck, it is expected that China will accept Article B.5, opts out from S&DT in exchange for the United States dropping the forced labour provision, said people familiar with the negotiations. [READ MORE](#)

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## [WTO Retreat Yields no Consensus on Consensus](#)

Trade envoys participating in a one-day retreat on Monday expressed mixed views on issues of transparency, inclusion and small green room meetings, while unable to reach any convergence on the core issue of finding innovative approaches to replace the consensus-based decision-making at the World Trade Organization, said people familiar with the developments. During the retreat, trade envoys apparently held frank discussions on a raft of issues based on the questions circulated by the chair of the WTO's General Council, Ambassador Petter Olberg of Norway. [READ MORE](#)

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## ENFORCEMENT & EXPORT CONTROLS

### [Brooklyn Dual-Use Scheme Guilty Pleas](#)

Two men pleaded guilty July 9 to conspiracy to commit export control violations for their roles in a global procurement scheme on behalf of sanctioned Russian companies, including Russian military companies. Some of the electronic components shipped by the defendants were later found in seized Russian weapons platforms and signals intelligence equipment in Ukraine.

Salimdzhon Nasriddinov, 53, a Brooklyn resident and dual citizen of Russia and Tajikistan, was arrested on Oct. 31 in Brooklyn. Nikolay Goltsev, 38, of Montreal and an associate who pleaded guilty in February were arrested at a hotel in Manhattan on Oct. 31 during a trip to New York to visit Nasriddinov. [READ MORE](#)

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### [Export Diversion Risk Guidance from BIS](#)

Commerce's Bureau of Industry and Security (BIS) published guidance outlining the different actions that BIS takes to inform industry and academia about parties – beyond those identified on public screening lists like the Entity List – that present risks of diversion of items subject to BIS export controls to countries or entities of concern.

The guidance also contains a new recommended best practice asking that exporters, reexporters, and transferors of Common High Priority List (CHPL) items screen transaction parties using online resources made newly available by the Trade Integrity Project (TIP). [READ MORE](#)

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## [Emerging Technology Technical Advisory Committee \(ETTAC\)](#)

### [30 July](#)

The Emerging Technology Technical Advisory Committee (ETTAC) will meet on July 30, 2024. Open Session: 3:30 p.m. – 4:30 p.m. The open session will be accessible via teleconference. To join the conference, submit inquiries to Ms. Yvette Springer at [Yvette.Springer@bis.doc.gov](mailto:Yvette.Springer@bis.doc.gov) . [READ MORE](#)

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## [Information Systems Technical Advisory Committee 24 July](#)

The Information Systems Technical Advisory Committee (ISTAC) will meet on July 24, 2024, 9:00 a.m., Eastern Daylight Time. To join the conference, submit inquiries to Ms. Yvette Springer at [Yvette.Springer@bis.doc.gov](mailto:Yvette.Springer@bis.doc.gov) . [READ MORE](#)

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## TREASURY DEPARTMENT

### [FinCEN Updates Israeli Extremist Financing Alert](#)

Thursday Treasury's Financial Crimes Enforcement Network (FinCEN) issued a supplemental alert related to the financing of Israeli extremist settler violence against Palestinians in the West Bank.

The alert includes a list of Red Flags of reportable suspicious activity related to the perpetrators of the violence. [READ MORE](#)

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### [CFIUS Expands Reviews of Real Estate near Military Bases](#)

The Department of the Treasury, as Chair of the Committee on Foreign Investment in the United States (CFIUS), issued a Notice of Proposed Rulemaking that would expand CFIUS's jurisdiction over certain transactions by foreign persons involving real estate in the United States. This proposed rule would add over 50 military installations, across 30 states, to the existing list of installations around which CFIUS has jurisdiction, including over land purchases. [READ MORE](#)

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### [OFAC Basics Video Series](#)

Treasury's Office of Foreign Assets Control (OFAC) is releasing the second video in its "OFAC Basics" video series, "My Funds Are Blocked, Now What?" This video provides viewers with guidance on what it means when funds are blocked in connection with OFAC sanctions, as well as recommended steps for what to do if your funds have been blocked. [READ MORE](#)