

# Washington Tariff & Trade Letter

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## Canadians Alarmed by Tariff Talk

A new report from the Canadian Chamber of Commerce's Business Data Lab (BDL) highlights just how mutually beneficial the Canada-U.S. trade relationship is and offers a stark warning about the serious economic consequences of enacting protectionist policies.

"There's an opportunity to learn from long-forgotten history, here," the authors write. "It turns out that the 10% tariff recently proposed by Trump has some echoes of a tariff that was enacted by President Nixon back in 1971. That policy—which was much narrower than Trump's recent proposal—was a disaster and was quickly reversed." [READ MORE](#)

## America's Protectionist Policies Are Backfiring

Though intended to pressure perceived adversaries like China, unilateral US tariffs and economic sanctions have only raised prices for American consumers without achieving broader strategic goals. The US and its allies would be wise to abandon unilateralism and pursue coordinated multilateral measures,

Former World Bank chief economist and former first deputy managing director of the International Monetary Fund Anne Krueger of Johns Hopkins discusses the ineffectiveness of tariffs and sanctions in projecting national strategy. [READ MORE](#)

## Trade Deficit Shrinks

The nation's international trade deficit in goods and services decreased to \$70.4 billion in August from \$78.9 billion in July (revised), as exports increased and imports decreased. The 10.8 percent drop in the deficit reflected growth in US exports and a slight decline in imports. The nation's international trade deficit in goods and services decreased to \$70.4 billion in August from \$78.9 billion ... [READ MORE](#)

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## [USTR Eyes Steel Overcapacity at G20 Forum](#)

The Administration plans to release new policy ideas on how to respond to non-market economy policies and practices, Assistant US Trade Representative Sushan Demirjian told members of the Global Forum on Steel Excess Capacity yesterday.

“USTR is considering how non-market policies and practices, including non-market excess capacity, threaten the integrity of our supply chains,” she told the gathering. [READ MORE](#)

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## [\\$25 Million for Specialty Crops Promotion](#)

U.S. Department of Agriculture Under Secretary for Trade and Foreign Agricultural Affairs Alexis M. Taylor announced that USDA has awarded more than \$25 million to support eight projects under the new Assisting Specialty Crop Exports (ASCE) initiative.

“Specialty crop exporters face myriad import requirements in every foreign market they enter, yet they often don’t have the economies of scale to develop the required certifications or negotiate favorable terms. ASCE will help smaller exporters by directly addressing barriers and supporting industry’s efforts to obtain needed certifications,” Taylor said. [READ MORE](#)

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## **WTO & BRUSSELS**

### [Agriculture Talks Still Stuck](#)

World Trade Organization Director-General Ngozi Okonjo-Iweala appears to have suffered a setback in her much-publicized plan to break the “gridlock” in the agriculture negotiations, as consensus eluded on the two options, particularly on the appointment of facilitators, said people familiar with the developments.

Following the lack of convergence on the proposed “way-forward” as well as on the appointment of facilitators at the formal Doha trade negotiations committee meeting yesterday morning, the DG apparently switched to an informal heads of delegation meeting in the afternoon, said people familiar with the discussions. [READ MORE](#)

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### [Divisions Remain on DS Reform](#)

Ahead of a World Trade Organization Heads of Delegations meeting, the co-convenors engaged in overseeing the dispute settlement reform discussions presented an ambivalent, muddling progress report on the crucial “Appeal/Review” mechanism that is expected to replace the binding Appellate Body, said people familiar with the developments.

As part of a transparency exercise, the facilitator tasked with the dispute settlement reform discussions, Ambassador Usha Dwarka Canabady, dispatched a report to trade envoys enclosing the findings by the co-convenors on October 8. [READ MORE](#)

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## [Legality of DG Process Questioned](#)

Several World Trade Organization members, including the United States, appear to have informally conveyed their concerns over the legality of the appointment process for the next Director-General to the General Council Chairperson, Ambassador Petter Olberg, said people familiar with the developments. Last week, the Chair launched the appointment process for the next WTO Director-General without the authorization of the General Council. [READ MORE](#)

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## [China Goes After Türkiye on Autos](#)

China invoked dispute settlement proceedings against Türkiye at the World Trade Organization over Ankara's decision to impose additional tariffs on imports of vehicles and certain other passenger vehicles originating from China. Beijing lodged an Article 4 complaint under the WTO's dispute settlement understanding with Türkiye challenging the "additional tariffs of 40% on imports of electric vehicles and certain other passenger vehicles originating in China, and set import permit restrictions." [READ MORE](#)

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## [EU adopts first ever Mutual Recognition Agreement for professional qualifications](#)

The EU and Canada adopted this week a Mutual Recognition Agreement (MRA) on the professional qualifications for architects, marking the EU's first such bilateral agreement. "This MRA will streamline the recognition process, making it easier for architects to work across both jurisdictions, allowing them to explore new business opportunities and export their world-class skills," the Commission stated in the announcement. [READ MORE](#)

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## [UK calls halt to "Not for EU" Labelling](#)

On September 30, the United Kingdom confirmed it will not proceed with the previous Government's plan to introduce mandatory 'Not for EU' labelling in Great Britain (GB). US exporters require individual 'Not for EU' product labels for meat and dairy when exporting to Northern Ireland only. [READ MORE](#)

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## **ENFORCEMENT**

### [Moog fined \\$1.68 million for Indian bribes](#)

The Securities and Exchange Commission announced that Moog Inc., a New York-based global manufacturer of motion controls systems for aerospace, defense, industrial and medical markets, agreed to pay a civil penalty of \$1.1 million to resolve the SEC's charges that it violated the Foreign Corrupt Practices Act (FCPA) arising out of bribes paid by its wholly owned Indian subsidiary, Moog Motion Controls Private Limited. [READ MORE](#)

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## **DDTC Settles with Precision Castparts**

Precision Castparts Corp. settled allegations that it violated the International Traffic in Arms Regulations (ITAR) in connection with unauthorized exports of technical data to foreign-person employees from Bhutan, Burundi, El Salvador, Honduras, Mexico, and Peru pertaining to tools (specifically, wax pattern and core dies) and wax patterns consumed in the subsequent production of casting blades used in gas turbine engines [READ MORE](#)

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## **South Jersey Money Laundering costs TD Bank \$3 Billion**

Totonto Dominion Bank will pay over \$3 billion in fines and is subject to a cap on US growth after regulators uncovered widespread money laundering failures in the banks Philadelphia and Miami operations. Prosecutors said the bank operated with inadequate guards against money laundering for nearly a decade, failing to act even when staff flagged obvious cases of abuse, such as a customer making daily deposits of \$1m in cash. [READ MORE](#)

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## **More Russian Components Charges**

Two Russian nationals were charged Thursday for export control violations, smuggling, wire fraud, and money laundering in connection with a scheme to procure U.S.-sourced microelectronics subject to U.S. export controls on behalf of a Russia-based supplier of critical electronics components for manufacturers supplying weaponry and other equipment to the Russian military. [READ MORE](#)

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## **New UK Sanctions Office Opens**

The UK's Office of Trade Sanctions Implementation (OTSI), within the Department for Business and Trade, opened last week. This new sanctions body has been established to strengthen the enforcement of trade sanctions and support businesses with compliance. Complementing HMRC's trade sanctions enforcement role at the UK border, OTSI has new civil enforcement powers in relation to services as well as movement of goods across third country borders, where there is a UK nexus. [READ MORE](#)

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## **BIS Licensing Audit faults Waivers**

On September 23, the Inspector General's Office of the Department of Commerce released its audit of the Bureau of Industry and Security's (BIS') efforts to "counter China's Military-Civilian Fusion strategy"

The auditors found the BIS export license approval process "adequate in reducing the risk" of controlled items being inappropriately approved for export to China. However, they found that BIS has "not minimized the risk of unauthorized release of controlled technologies and software to China." [READ MORE](#)

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## **BIS Issues GP 10 Guidance to Financial Institutions**

The Commerce Department's Bureau of Industry and Security (BIS) published guidance for financial institutions containing best practice recommendations for complying with the Export Administration Regulations (EAR).

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The guidance focuses on General Prohibition 10 (GP 10), which prohibits financial institutions (and other persons) from financing or otherwise servicing any item subject to the EAR with knowledge that a violation of EAR has occurred, is about to occur, or is intended to occur. [READ MORE](#)

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## [Emerging Tech Oct 21 & Sensors Advisory Committees Oct 29](#)

The Emerging Technology Technical Advisory Committee (ETTAC) will meet on October 21, 2024, and The Sensors and Instrumentation Technical Advisory Committee (Committee) will meet on Tuesday, October 29, 2024 [READ MORE](#)

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## [Review: End-Use Certificate \(DLA Form 1822\)](#)

The End-Use Certificate (DLA Form 1822) is submitted by individuals prior to releasing export-controlled personal property out of DoD control. Export-controlled personal property are items listed on the United States Munitions Lists or Commerce Control List, and includes articles, items, technical data, technology, or software. Transfers of export- controlled personal property out of DoD control may be in tangible and intangible forms. [READ MORE](#)

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## [OFAC May 2024 Reporting Rule Final](#)

OFAC is amending the Reporting, Procedures and Penalties Regulations (RPPR). the May 2024 Interim Final Rule requiring reports within 10 business days of when blocked property is unblocked or transferred,

This final rule adds three exceptions to the reporting requirement for any blocked property that is unblocked or transferred. [READ MORE](#)

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## [Superyacht Freed](#)

Previously under sanctions due to its ties to Imperial Yachts, the 136 meter (446 ft) superyacht Flying Fox is likely to be free to operate globally without restrictions. ... [READ MORE](#)

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## [Conflict Minerals Rule Ineffective](#)

The Securities and Exchange Commission's 2012 conflict minerals disclosure rule has not reduced violence in the Democratic Republic of the Congo (DRC) and has likely had no effect in adjoining countries, according to a GAO report released October 7th.

The SEC rule requires companies to file reports on their use of tantalum, tin, tungsten, and gold, which are mined in the DRC. GAO found no empirical evidence that the rule has decreased the occurrence or level of violence in the eastern DRC, where many mines and armed groups are located [READ MORE](#)

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## **Civil Suit to Reclaim Duties in Solar Case**

The Justice Department has filed a civil lawsuit against Paul Bakhoun, who was the Vice President for Operations for Ecosolargy Inc., a California Corporation that imported Chinese-manufactured solar panels into the United States. The lawsuit alleges that Mr. Bakhoun made false statements to customs officials and, as a result, avoided paying harmonized tariff schedule (HTS), antidumping and countervailing duties owed on the imported solar panels. [READ MORE](#)

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## **Mexico Seeks to Dampen China Import Explosion**

Mexico wants to reduce its dependence on imports from China and is asking some of the world's biggest manufacturers and tech firms operating in the country to identify Chinese products and parts that could be made locally.

The country's deputy trade minister, Luis Rosendo Gutiérrez, told the Wall Street Journal that Mexico wants U.S. carmakers and semiconductor manufacturers as well as global giants in the aerospace and electronics sectors to substitute some goods and components manufactured in China, Malaysia, Vietnam and Taiwan. [READ MORE](#)

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## **ExIm's Disaster Assistance Measures**

The US Export-Import Bank is extending measures to assist customers, US exporters and financial institutions located in federal disaster areas declared by the Federal Emergency Management Agency, due to the effects of recent and impending weather events. [READ MORE](#)

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## **Pangolin Pelly Protection Proposed**

The White House is considering various import prohibition options on the basis that Chinese nationals are engaging in trade or taking of pangolins that diminishes the effectiveness of the Convention on International Trade in Endangered Species of Wild Fauna and Flora (CITES). China remains the largest destination country for pangolin scales [READ MORE](#)