

# Washington Tariff & Trade Letter

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## Corn and Bean Growers Fear China Tariffs

A new economic study paints a troubling picture of the potential results a renewed U.S.-China trade war could have on hundreds of thousands of farmers and rural communities, showing American-imposed tariffs would come at a steep cost to U.S. producers while benefiting Brazil and Argentina.

The study, commissioned by the American Soybean Association and the National Corn Growers Association and conducted by the World Agricultural Economic and Environmental Services, shows a new trade war would result in an immediate drop in corn and soy exports to the tune of hundreds of millions of tons. As a result, Brazil and Argentina would claim the lost market share, which would be extremely difficult for American growers to reclaim in the future. [READ MORE](#)

## More Yellen about Tariffs

Treasury Secretary Janet Yellen used a speech billed as a prelude to next week's annual World Bank/International Monetary Fund meetings to criticize Republican Presidential candidate and former President Trump's threats of higher tariffs.

"Calls for walling America off with high tariffs on friends and competitors alike or by treating even our closest allies as transactional partners are deeply misguided," she said in remarks Thursday to the Council on Foreign Relations. [READ MORE](#)

## McCaul calls for more sanctions, "The World is on fire"

House Foreign Affairs Committee Chairman Michael McCaul sent a letter to President Biden urging him to implement mandatory sanctions against U.S. adversaries under McCaul's 21st Century Peace Through Strength Act. (Public Law (118-50)

"I call on you to provide additional resources, including detailed staff, to the Departments of Treasury and State for the specific purpose of immediate and robust implementation of the 21st Century Peace Through Strength Act to counter Iran, Russia, and China. The world is on fire; we cannot lose another day to hesitation, appeasement, and weakness." [READ MORE](#)

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[www.wttonline.com](http://www.wttonline.com)

Editor: Frank Ruffing +1.703.283.5220. [fruffing@traderegs.com](mailto:fruffing@traderegs.com)

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## TRADE POLITICS & POLICY

### [CFIUS Slammed for Battery Plant](#)

Republican lawmakers continued their campaign to derail Chinese battery firm Gotion's plans to build a factory in Michigan, calling for a retroactive review by the Committee on Foreign Investment in the United States (CFIUS). In a letter to Treasury Secretary Janet Yellen, Congressman John Moolenaar (R-MI), Senator Marco Rubio (R-FL) and colleagues cite the facility's location, 60 miles from a National Guard training facility Camp Grayling. [READ MORE](#)

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### [China Hawks take on McKinsey & Co.](#)

McKinsey & Company's has failed to disclose consulting work for the Chinese government, and appeared to misrepresent the firm's work for the Chinese government under oath, all while receiving over \$480 million to consult for the U.S. military since 2008, according to a report from congressional investigators.

In a detailed report, House Select Committee on the Chinese Communist Party "outline the details of McKinsey's work to advance the Chinese Communist Party and Chinese military, its work to shape the Chinese Communist Party's five-year plans to surpass the United States, and its failure to report its China work as required by U.S. law." [READ MORE](#)

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## WORLD TRADE ORGANIZATION

### [No Progress on WTO Big-Ticket Items](#)

The second day of the World Trade Organization's (WTO) General Council (GC) meeting concluded on a bleak note, with little to no progress on key issues, including agriculture, the second half of the proposed fisheries agreement, and ongoing concerns over reforming the dispute settlement system (DSS), according to people familiar with the discussions.

Several members reportedly raised sharp concerns about the lack of progress in elements such as the "scope of the mechanism" and the "standard of review." Developing countries—Egypt, India, Chad (on behalf of the African Group), and South Africa—emphasized the importance of accessibility. [READ MORE](#)

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### [DG's Efforts to Boost Trade Talks](#)

A proposed decision by World Trade Organization (WTO) Director-General Ngozi Okonjo-Iweala to establish a formal process under the Committee on Agriculture Special Session (CoA SS) to jumpstart agriculture negotiations has caused unease among several members and raised questions about the integrity of the process, according to people familiar with the developments.

Members are working to understand the implications of formalizing the process and appointing facilitators, given that meetings of the Doha negotiating body on agriculture are conventionally held informally. The CoA SS refers to the Doha agriculture negotiating body, which operates under the overarching mandate of the Doha Trade Negotiations Committee. [READ MORE](#)

## ENFORCEMENT

### [Viet Brewer's DPRK Sales Prompt \\$860K Fine](#)

In a case illustrating the long arm of US sanctions enforcement, Hanoi - based Vietnam Beverage Company Limited has agreed to pay \$860,000 on behalf of two of its subsidiaries for apparent violations of OFAC sanctions on the Democratic People's Republic of Korea (DPRK).

The Thai-controlled brewer settled potential fines of nearly \$16 million related to \$1.4 million of shipments to North Korea. [READ MORE](#)

### [RTX compliance fines now top \\$1 Billion.](#)

Compliance-challenged defense contracting giant RTX has agreed to pay nearly \$1 billion to settle charges of government contract fraud, foreign bribery, and export control violations. The settlement comes on the heels of a \$200 million settlement in August with the State Department [12717] for a raft of export control violations.

Raytheon will enter into a three-year deferred prosecution agreement (DPA) in connection with a criminal information filed today in the District of Massachusetts charging the firm with two counts of major fraud against the United States. As part of that resolution, Raytheon admitted to engaging in two separate schemes to defraud the Department of Defense (DOD) in connection with the provision of defense articles and services, including PATRIOT missile systems and a radar system.

Separately, Raytheon entered into a three-year DPA in connection with a criminal information unsealed today in the Eastern District of New York charging Raytheon with two counts: conspiracy to violate the anti-bribery provision of the FCPA for a scheme to bribe a government official in Qatar and conspiracy to violate the AECA for willfully failing to disclose the bribes in export licensing applications with the Department of State as required by part 130 of ITAR. [READ MORE](#)

## EXPORT CONTROLS

### [Space Export Controls Published](#)

The Commerce Department's Bureau of Industry and Security has released three rules—one Final Rule, one Interim Final Rule, and one Proposed Rule—to modernize BIS's space-related export controls.

The proposed revisions remove certain licensing requirements for Australia, Canada and The UK; looser rules for another 40 destinations; and transfer of certain items from the US Munitions List to the Commerce Control List. [READ MORE](#)

### [ITAR Space Rules Updated](#)

The Department of State proposes amendments to the International Traffic in Arms Regulations (ITAR) focused on revisions to U.S. Munitions List (USML) Categories IV (Missiles and Launch Systems) and XV (Spacecraft and

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Space Items). The aim is to modernize the regulatory text, clarify definitions, and align the controls with national security and foreign policy objectives. [READ MORE](#)

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## **BIS Updates: Cuban Ag, Exceptions, Unverified List**

BIS Wednesday published Federal Register notices soliciting comments on Cuban Agricultural trade licensing processes. The Bureau also updated a table associated with with License Exceptions and made additions and deletions to the Unverified List. [READ MORE](#)

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## **RAPTAC / Regulations and Procedures Roundup**

The Commerce Department's Bureau of Industry and Security Regulations and Procedures Technical Advisory Committee held their quarterly meeting Tuesday, with a wary eye towards the year end and potential for a change of regime. [READ MORE](#)

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## **SANCTIONS**

### **"Multilateral" DPRK Sanctions Monitor Planned**

The United States, South Korea and Japan announced the formation of a Multilateral Sanctions Monitoring Team (MSMT) on North Korea as an alternative to the dissolved U.N. panel of experts that had monitored sanctions enforcement until April.

VOA reports that members of the former U.N. panel of experts said the new mechanism could function effectively but might be hurt by the lack of a United Nations mandate. China and Russia, two of the five veto-wielding Security Council permanent members, will not participate in the newly formed team. [READ MORE](#)

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### **PRC Combat Drone Builders Sanctioned**

Thursday OFAC announced it is targeting three entities and one individual for their involvement in the development and production of Russia's Garpiya series long-range attack unmanned aerial vehicle (UAV).

While the United States previously imposed sanctions on PRC entities providing critical inputs to Russia's military-industrial base, these are the first U.S. sanctions imposed on PRC entities directly developing and producing complete weapons systems in partnership with Russian firms. [READ MORE](#)

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### **More Houthi Shipping Sanctions**

Thursday OFAC sanctioned eighteen companies, individuals, and vessels for their ties to Islamic Revolutionary Guard Corps-Qods Force (IRGC-QF)-backed Houthi financial official Sa'id al-Jamal (al-Jamal) and his network. Included in this action are the captains of vessels transporting illicit oil as well as the companies that managed and operated these ships. [READ MORE](#)

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## SUPPLY CHAIN

### Customs Slows DJI Drone Imports

A "customs-related misunderstanding" is currently affecting the world's largest dronemaker's ability to import select drones into the United States,

Da-Jiang Innovation (DJI) calls the action "part of a broader initiative by the Department of Homeland Security to scrutinize the origins of products, particularly in the case of Chinese made drones." U.S. Customs and Border Protection (CBP) has cited the Uyghur Forced Labor Prevention Act (UFLPA), as the reason for the current holdups. [READ MORE](#)

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### USTR Opens 301 Tariff Exclusion Process

The Office of the United States Trade Representative announced Tuesday that it is opening a process for interested persons to request that certain machinery be temporarily excluded from Section 301 duties in the Investigation of China's Acts, Policies, and Practices Related to Technology Transfer, Intellectual Property, and Innovation. [READ MORE](#)