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POLITICS OF TRADE

[Senate Takes Up China Tax Credit Ban](#)

Senators Tom Cotton (R-AR) and Rick Scott (R-FL) have introduced legislation which blocks the recently finalized Treasury Department rule on 45X production tax credits from being implemented. The 45X credit subsidizes the production of five types of goods: solar energy components, wind energy components, battery components, inverters, and critical minerals. The credit is projected to cost taxpayers \$72.7 billion between FY2023 and FY2027. [READ MORE](#)

[Peter Navarro to Return in Trade & Industrial Policy Role](#)

President-elect Trump announced Wednesday that his former trade adviser and prominent China Hawk Peter Navarro will return in his next administration as “senior counselor for trade and manufacturing.” Mr. Navarro served as the Director of the Office of Trade and Manufacturing Policy under President Donald Trump from 2017 to 2021. Earlier this year he served four-months in federal prison for contempt of Congress. [READ MORE](#)

[DOJ Trade Enforcement Bill Passes House](#)

The House passed legislation December 3rd creating a new structure within the US government to prosecute international trade crimes. The bill directs the Justice Department to stand up a new office, in order to enhance US capabilities for detecting, investigating and prosecuting trade fraud, duty evasion, transshipment and other trade-related crimes. [READ MORE](#)

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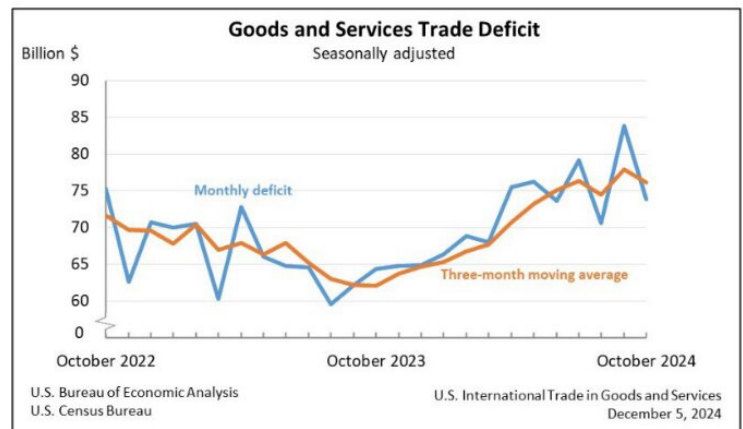
[China Hawks Target Online Stockbroker](#)

Webull, a popular electronic stock trading platform has substantial ties to Chinese entities which "raise concerns about Webull's independence, the security of U.S. investor data, and its ability to comply with U.S. financial regulations," according to Reps. John Moolenaar (R-MI) and Raja Krishnamoorthi (D-IL). [READ MORE](#)

POLICY NOTES

[Trade Shrinks in October](#)

| U.S. INTERNATIONAL TRADE IN GOODS AND SERVICES DEFICIT | | |
|---|-----------------|---------|
| Deficit: | \$73.8 Billion | -11.9%° |
| Exports: | \$265.7 Billion | -1.6%° |
| Imports: | \$339.6 Billion | -4.0%° |
| Next release: Tuesday, January 7, 2025 | | |
| (*) Statistical significance is not applicable or not measurable. Data adjusted for seasonality but not price changes. | | |
| Source: U.S. Census Bureau, U.S. Bureau of Economic Analysis; U.S. International Trade in Goods and Services, December 5, 2024. | | |



The U.S. Census Bureau and the U.S. Bureau of Economic Analysis announced Thursday that the goods and services deficit was \$73.8 billion in October, down \$10.0 billion from \$83.8 billion in September, revised. October exports were \$265.7 billion, \$4.3 billion less than September exports. October imports were \$339.6 billion, \$14.3 billion less than September imports. [READ MORE](#)

[UNCTAD Sees Record Trade This Year](#)

Global trade is on track to hit a record \$33 trillion this year, but the risk of festering trade wars is casting a shadow of uncertainty over the 2025 outlook, according to UN Trade and Development's Global Trade Update released last week. The \$1 trillion increase this year reflects 3.3 percent annual growth and highlights resilience in global trade despite persistent challenges, according to the report. [READ MORE](#)

[Angola Partnership Inked](#)

The United States and Angola are launching a bilateral Commercial and Investment Partnership as part of President Biden's trip to the country as part of an effort to provide an alternative to China. The partnership "seeks to enable meaningful engagement between business and governments as well as with other businesses to advance its goals." [READ MORE](#)

[WTO: Differences on Ag Mandated Issues](#)

Many developing countries are supporting a proposal from Guyana to prioritize the unresolved mandated issues in the World Trade Organization agriculture negotiations, such as the permanent solution for public stockholding programs for developing countries, the special safeguard mechanism and cotton. The proposal calls for accelerated treatment of the mandated issues through text-based negotiations at the Doha negotiating body. [READ MORE](#)

EXPORT CONTROLS

[Commerce Broadens Chip Equipment Controls](#)

Commerce's Bureau of Industry and Security (BIS) announced a package of rules designed to further impair China's capability to produce advanced-node semiconductors that can be used in the next generation of advanced weapon systems and in artificial intelligence and advanced computing. In response, the Chinese government imposed further restrictions on the export of "dual use" commodities banning sales of gallium, germanium, antimony and tightening controls on graphite exports. The BIS controls target some, but not all affiliates of chip manufacturers SMIC and Huawei, as well as semiconductor manufacturing equipment manufacturers in the PRC. [READ MORE](#)

[AES Update for new Chip Equipment Rules](#)

Among other actions, the semiconductor equipment related controls announced Monday include amendments to the Temporary General Licenses (TGL) in the Export Administration Regulations (EAR). 1. An update has been made to AES to revise License Code C65 "Temporary General License" (TGL) permitting certain parts, components or equipment. 2. New controls on high-bandwidth memory units under ECCN 3A090.c, and also creates a License Exception High Bandwidth Memory (HBM). 3. A new License Exception Restricted Fabrication Facility (RFF) [READ MORE](#)

[Info and Comms Security Final Rule Issued](#)

Bureau of Industry and Security (BIS) issued a final rule cementing the procedures it will follow in investigating foreign adversary threats to information and communications technology and services (ICTS) transactions that may harm U.S. national security [READ MORE](#)

[Chemical Weapons Convention Impact on Industry](#)

The Bureau of Industry and Security (BIS) is seeking public comments on the impact that implementation of the Chemical Weapons Convention (CWC), through the Chemical Weapons Convention Implementation Act of 1998 and the Chemical Weapons Convention Regulations (CWCR), has had on commercial activities involving "Schedule 1" chemicals during calendar year 2024. Schedule 1 chemicals are chemicals that are considered a

high risk to the Chemical Weapons Convention (CWC) and have little to no peaceful use. They include chemicals that have been used as weapons, such as sarin, mustard, VX, and ricin, as well as precursor chemicals that can be used to produce these chemicals [READ MORE](#)

[DDTC Fee Increases Finalized](#)

For the first time in fifteen years, the State Department proposes to revise and increase the registration fees charged to those required to register with DDTC. During the 45-day public comment period, the feedback, primarily from individuals and small businesses, raised concerns about the financial burden on small enterprises, barriers to entry, and the disproportionate impact on manufacturers who must register to meet private-sector contracting requirements. [READ MORE](#)

LEGAL & REGULATION

[Justice Recap in Wible Speech](#)

Brent Wible, Chief Counselor in the Office of the Assistant Attorney General delivered the keynote to the The American Conference Institute's International Conference On The Foreign Corrupt Practices Act in Washington, DC December 5th. [READ MORE](#)

[CFPB Rule on Data Brokers](#)

The Consumer Financial Protection Bureau (CFPB) has proposed a rule to rein in data brokers that sell Americans' sensitive personal and financial information. The December 3rd proposal would make clear that when data brokers sell certain sensitive consumer information they are "consumer reporting agencies" under the Fair Credit Reporting Act (FCRA), requiring them to comply with accuracy requirements, provide consumers access to their information, and maintain safeguards against misuse. Companies that sell data about income or financial tier, credit history, credit score, or debt payments would be considered consumer reporting agencies required to comply with the FCRA, regardless of how the information is used. [READ MORE](#)

[BOI Enforcement Injunction](#)

The United States District Court for the Eastern District of Texas issued a nationwide injunction Tuesday to enjoin the United States Government from enforcing the Corporate Transparency Act and its Implementing Regulations. [READ MORE](#)

[Crypto Contracts Not Property](#)

The International Trade and Security group of Morgan Lewis brings to our attention the following: The Fifth Circuit Court of Appeals ruled that immutable smart contracts on Tornado Cash, a cryptocurrency transaction protocol, are not "property" under the jurisdiction of the Office of Foreign Assets Control (OFAC). This decision restricts

OFAC's ability to sanction Tornado Cash based on such contracts. The court relied on the Supreme Court's Loper Bright Enterprises v. Raimondo decision, emphasizing that immutable smart contracts lack traditional characteristics of property, such as ownership and control. [READ MORE](#)

SANCTIONS

[Russian Oligarch to Forfeit Music Studio Proceeds](#)

The United States Department of Justice announced the filing of a civil forfeiture complaint to seize over \$3.4 million in proceeds from the sale of a Southern California music studio owned by Russian oligarch Oleg Deripaska. Mr. Deripaska acquired the Burbank music studio in 2008 through shell companies. After his 2018 designation as a Specially Designated National (SDN), Deripaska's associates facilitated the sale of the studio and its contents, generating proceeds that were allegedly funneled through a series of transactions designed to evade sanctions. [READ MORE](#)

[Treasury Steps Up Pressure on Iran's Shadow Fleet](#)

The United States is imposing sanctions on 35 entities and vessels that play a critical role in transporting illicit Iranian petroleum to foreign markets. This action builds upon the sanctions issued issued on [October 11](#). [READ MORE](#)

[Treasury Sanctions Russian Money Launderers](#)

Treasury's Office of Foreign Assets Control (OFAC) has imposed sanctions on five individuals and four entities linked to the TGR Group, an international network facilitating sanctions evasion for Russian elites. The TGR Group, known for leveraging digital assets such as U.S. dollar-backed stablecoins, has been instrumental in circumventing U.S. and international sanctions. [READ MORE](#)

ENFORCEMENT

[\\$14.5 Million Fine for Plastics Plant Sale to Iran](#)

The U.S. Department of the Treasury's Office of Foreign Assets Control (OFAC) today announced a \$14,550,000 settlement with a German firm involved in smuggling a plastics plant from Australia to Iran. The out of pocket penalty for the violator is \$250,000 to be paid within three months, with 27 quarterly payments of \$150,000 thereafter, assuming the violator complies with the settlement and remains in business for the next seven years. [READ MORE](#)

[McKinsey Africa to Pay \\$122 Million FCPA Settlement](#)

McKinsey and Company Africa (Pty) Ltd, which operates in South Africa as a wholly owned and controlled subsidiary of international consulting firm McKinsey & Company Inc, will pay over \$122 million to resolve an investigation by the Justice Department into a scheme to pay bribes to government officials in South Africa between 2012 and 2016. [READ MORE](#)

[Cessnas to Russia Scheme Foiled](#)

Sergey Nechaev, a dual U.S.-Russian citizen, was arrested December 2 in the Southern District of Georgia on charges related to the unlawful attempted export of two small aircraft to Russia. In conjunction with the arrest, the U.S. government also seized the aircraft. [READ MORE](#)

[Chinese Arrested Smuggling Arms to DPRK](#)

A 41 year-old Chinese national with an expired student visa has been arrested and charged with exporting firearms, ammunition and other military items to North Korea. Shenghua Wen was arrested December 3rd in Ontario, California. [READ MORE](#)

[Another Indictment in Magnet Scheme](#)

A Chinese national who purchased a Kentucky magnet company was indicted for his role in an illegal scheme to send export-controlled defense-related technical data to China and to unlawfully supply the Department of Defense (DOD) with Chinese-origin rare earth magnets for aviation systems and military items. [READ MORE](#)

SUPPLY CHAIN

[CBP Keeps Trying with Aluminum Extrusions](#)

A Chinese-owned producer and distributor of aluminum extrusions in the Dominican Republic has been determined to be employing convict, forced or indentured labor by US Customs and Border Protection. This comes on the heels of a successful appeal by Kingtom Aluminio SRL, of an Enforce and Protect Act (EAPA) case before the U.S. Court of International Trade (CIT), where an allegor asserted Kingtom Aluminio was evading antidumping and countervailing duty orders on aluminum extrusions from China. [READ MORE](#)

[Legacy Chip Study Released](#)

Friday Bureau of Industry and Security (BIS) released a report on the use of mature-node semiconductor chips, or legacy chips, in supply chains that directly or indirectly support U.S. critical infrastructure. Nearly half of surveyed companies were unable to determine whether their products contained any chips manufactured by PRC-based foundries. The report notes that capacity expansion in China has begun to cause pricing pressure on U.S. chip suppliers. [READ MORE](#)

[USTR Section 301 Review 2025 Scheduled](#)

The US Trade Representative's Office is gearing up for its 2025 Section 301 review to identify countries that deny adequate and effective protection of intellectual property rights or deny fair and equitable market access. USTR is seeking public comments on that identify acts, policies, or practices that may form the basis of a country's identification as a Priority Foreign Country or placement on the Priority Watch List or Watch List. [READ MORE](#)