

Washington Tariff & Trade Letter

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[Christmas in Washington After All](#)

Early Saturday morning, the Senate approved legislation extending government funding for three months and providing disaster assistance for Appalachia and Florida. The 85 - 11 vote in the Senate followed on a 366 - 34 approval by the House earlier in the day Friday. [READ MORE](#)

[US Victory in GM Corn Spat With Mexico](#)

The United States has prevailed in its dispute under the United States-Mexico-Canada Agreement (USMCA) challenging certain Mexican biotechnology measures concerning genetically engineered (GE) corn. The USMCA panel agreed with the United States on all seven legal claims, finding that Mexico's measures are not based on science and undermine the market access that Mexico agreed to provide in the USMCA. [READ MORE](#)

[Joint Economic Committee Hearing on Trump Tariffs](#)

The Joint Economic Committee held a hearing titled "Trade Wars & Higher Costs: The Case Against Trump's Tariffs." Chaired by Rep. Don Beyer (D-VA), the session focused on President-elect Donald Trump's proposal to impose tariffs ranging from 10% to 20% on virtually all imported goods. Witnesses warned that the tariffs would increase consumer prices, harm U.S. competitiveness, and fail to generate sufficient revenue to offset proposed tax cuts.

The same day of the hearing, December 18th, the Congressional Budget Office released a report on the effects of tariffs, noting the proposed Trump tariffs would have first-order impacts on GDP and prices, in the neighborhood of 0.5 to 1 percent, although the report notes "The United States has implemented no increases in tariffs of this size in more than 50 years, so there is little relevant empirical evidence on their effects." [READ MORE](#)

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POLICY NOTES

[Calls for Investor-State Tribunal Curbs](#)

A group of 37 Congressional Democrats are urging US Trade Representative Katherine Tai to move ahead with her reported plans to curb investor-state dispute settlement mechanisms in US free trade agreements. In a letter to Ms. Tai, the lawmakers said that USTR should continue its effort to rein in ISDS, especially given that President-elect Trump eliminated the mechanism from the US-Mexico-Canada Agreement during his first Administration. [READ MORE](#)

[Restrictions on DoD China Contracting Proposed](#)

Rep. Pat Fallon (R-TX) introduced a bill he intends to call “Safeguard American Innovation Act,” The legislation, introduced December 17th, prohibits the Defense Department from contracting for IT services with a company that has R&D or Data Centers in the PRC. [READ MORE](#)

[CHIPS Program Spends Big into Year End](#)

This week Commerce Department announced the latest in the Biden Administration’s scramble to get the CHIPS grant commitments out before the change of regime. The \$7.626 billion of subsidies went to two American companies, two from Korea, and one from Taiwan. The funds are to build facilities in the United States. [READ MORE](#)

[\\$300 Million Ag Promotion Grants](#)

Agriculture Secretary Tom Vilsack announced the second round of Regional Agricultural Promotion Program (RAPP) grants, allocating \$300 million to [67 partners] once all legal and administrative requirements are satisfied, promoting American food and agricultural exports in emerging global markets. This latest investment brings total RAPP funding to \$600 million in 2024. “RAPP is a critical tool for helping U.S. producers and agribusinesses stay competitive in today’s global trading environment,” Secretary Vilsack said. [READ MORE](#)

[EXIM Funds Balkan 5G, Signs Emirati MOU](#)

The US Export-Import Bank Board of Directors this week approved three transactions for more than \$300 million, funding Boeing sales, the Private Export Funding Corporation and a 5G network in Serbia. Bank Chair Reta Jo Lewis continued her scramble to get VIP travel in before her term expires January 20th. Having accompanied the President to Angola earlier in the month, she headed back out for visits to Abu Dhabi and Paris. [READ MORE](#)

[FARA Enforcement Regulations Proposed](#)

The Justice Department submitted to the Federal Register last week a Notice of Proposed Rulemaking (NPRM) to update and clarify regulations issued under the Foreign Agents Registration Act (FARA). FARA requires persons in the United States who are acting as agents of foreign principals and engaged in certain specified activities to make periodic public disclosures of their relationship with the foreign principal, as well as activities, receipts, and disbursements in support of those activities. [READ MORE](#)

[OFAC Blocked Funds Video Released](#)

Treasury's Office of Foreign Assets Control (OFAC) is releasing the third video in its "OFAC Basics" video series, "Applying for a License to Release Blocked Funds." This video provides viewers with guidance and the recommended steps for how to submit a specific license application for the release of blocked funds. The "OFAC Basics" series serves as a companion series to the "Introduction to the OFAC" series. [READ MORE](#)

ENFORCEMENT

[Failure to Update EAR Costs Firm \\$3 million](#)

A California firm has agreed to pay over \$3 million as part of a settlement agreement for unlicensed shipments of transistors to Russia. Because the firm did not regularly review revisions to the EAR they failed to recognize that, as of February 2023, such items required a license for export to Russia. [READ MORE](#)

[Arrests in Navigation Export Scheme](#)

The founder of Iranian company and an engineering PhD and Marketing Manager of a Boston-area microelectronics manufacturer were arrested and charged with Violating Export Control Laws in Conspiracy to Procure Sensitive U.S. Technology for Use in IRGC Military Drones. Mahdi Sadeghi, 42, a dual U.S.-Iranian national of Natick, Massachusetts, and Mohammad Abedini, 38, of Tehran, Iran, have been charged with conspiring to export sophisticated electronic components from the United States to Iran in violation of U.S. export control and sanctions laws. Abedini is also charged with providing material support to a foreign terrorist organization (FTO), , that resulted in the deaths of three U.S. servicemembers who were killed by a one-way attack Unmanned Aerial Vehicle (UAV), also known as a drone, on a military base in Jordan. Sadeghi was arrested and made his initial appearance Monday in the District of Massachusetts. Abedini was also arrested in Italy by Italian authorities at the request of the United States. [READ MORE](#)

[Aviation Company Settles for \\$55 Million](#)

An Illinois aviation services company will pay over \$55 million to resolve investigations by the Justice Department and Securities and Exchange Commission (SEC) into violations of the Foreign Corrupt Practices Act (FCPA). AAR Corp, was facing prosecution for paying bribes to government officials in Nepal and South Africa. According to the company's admissions in connection with the resolution, between 2015 and 2020, AAR conspired to pay bribes to government officials to obtain and retain business with state-owned airlines in Nepal and South Africa. AAR obtained profits of nearly \$24 million as a result of the scheme. [READ MORE](#)

[Tesla Battery Tech Theft Case Sentencing](#)

A Canadian national was sentenced Monday to 24 months in prison for conspiring to send to undercover law enforcement officers trade secrets that belonged to his previous employer, Tesla Motors Canada subsidiary Hibar Systems Ltd. Klaus Pflugbeil, a Chinese resident and a Canadian and German national, and his co-defendant, Yilong Shao, who remains at large, are owners of a PRC-based business Hife Systems, that sold technology used to make batteries, allegedly used stolen confidential information – developed by Hibar – to establish their own Chinese-based competitor. [READ MORE](#)

SUPPLY CHAIN

[Graphite Lobby Grasps, Congo Presses Apple](#)

On Tuesday the American Anode Material Producers filed a petition calling for an anti-dumping investigation with punitive tariffs of up to 920% on Chinese graphite, according to news reports and an announcement from the producers' lawyers. A ninefold increase in graphite pricing would double the cost of a US-made EV battery. While the US produces no natural graphite, synthetic material from China is subject to a 25% levy, imposed during the first Trump administration in 2018. Tesla and two Korean battery firms have been lobbying for exemptions, asserting that nascent US synthetic graphite capacity is inadequate. [READ MORE](#)

[AD/CVD Administration Final Rule Published](#)

December 16 the Commerce Department published a final rule for "Regulations Enhancing the Administration of the Antidumping and Countervailing Duty Trade Remedy Laws," Among the changes are the collection of cash deposits, indicators used in surrogate country selection, application of antidumping rates in nonmarket 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](#)

[Supply Chain Review Released](#)

The White House issued the first-ever Quadrennial Supply Chain Review Thursday, highlighting US government's efforts to tackle risks, eliminate bottlenecks and ensure the efficient operation of supply chains. Key initial findings shared in the review include that nearly every industry in the economy scores high in at least one indicator of risk interdependence is high, and US goods industries have poor import diversification. [READ MORE](#)