

# Washington Tariff & Trade Letter

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## Trade Security Sprint to the Finish

As the Biden Administration prepares to hand over the reins, there's a palpable sense of urgency to get as much regulatory work done as possible before January 20th. The Bureau of Industry and Security (BIS) regulatory agenda has dozens of rulemaking actions underway, including further steps targeting the illicit trade in advanced chips.

The Global Artificial Intelligence Diffusion" rule aims to control the global shipments of graphics processing units (GPUs) to forestall diversion through third countries. Restrictions are said to include geographic controls as well as a worldwide licensing system that includes reporting requirements and exceptions. [READ MORE](#)

## Biden Scuttles Steel Deal

In an affront to our most important Asian ally and the largest foreign investor in the US, President Biden blocked Nippon Steel's acquisition of U.S. Steel. Opponents of the deal argued that Nippon Steel would sacrifice integrated steelmaking capacity in favor of cheaper mills in Asia and the American South. United Steelworkers union leadership has opposed the sale, although many in the rank and file support it, arguing that they do not see how US Steel will be able to continue operations without major investment. [READ MORE](#)

## CHIPS Funds: \$285M for "Digital Twins" Consortium

The U.S. Department of Commerce announced the award of \$285 million to the Semiconductor Research Corporation Manufacturing Consortium Corporation (SRC) to establish and operate a CHIPS Manufacturing USA institute headquartered in Durham, North Carolina.

This initiative, known as SMART USA (Semiconductor Manufacturing and Advanced Research with Twins USA), aims to advance semiconductor design, manufacturing, and packaging technologies using digital twin technology. [READ MORE](#)

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## [Drone Rule Proposed](#)

The Bureau of Industry and Security is seeking public comments on regulations addressing risks posed by information and communications technology and services (ICTS) integral to unmanned aircraft systems.

BIS seeks public feedback on several matters including: definitions of UAS and components, assessments of how potential classes of ICTS transactions integral to UAS may present undue or unacceptable risks to U.S. national security, evaluations of risk posed by different foreign adversaries, potential processes for the public to request approval to engage in an otherwise prohibited transaction, the economic impact such regulation could have on certain entities, and, where feasible, potential mitigation measures. [READ MORE](#)

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## [Anti-Boycott Update](#)

Bureau of Industry and Security (BIS) published its third quarterly update of the boycott Requester List. The list notifies companies, financial institutions, freight forwarders, individuals, and other U.S. persons of potential sources of certain boycott-related requests they may receive during the regular course of business.

Firms removed from the list include Siemens Energy Global GMBH & CO KG of Germany, Saudi operations of Waste Management, and Malaysian operations of nine firms, including Flextronics and Halliburton.

Additions to the list include seven Malaysian entities, six from Bangladesh, four from Saudi and the UAE, three from Turkey and Pakistan, and others, including the UK, Libya, Japan and Australia. [READ MORE](#)

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## [Aero Parts Distributor Settles OFAC Violations](#)

OFAC announced a \$22,172 settlement with a New York aviation supplies distributor to settle its potential civil liability for six apparent violations of OFAC sanctions related to Russia's aerospace and technology sectors.

In 2024, SkyGeek Logistics, Inc. attempted two refunds and sent four shipments to two Specially Designated Nationals in the United Arab Emirates sanctioned in connection with these sectors. The settlement amount reflects OFAC's determination that the apparent violations were non-egregious and that certain of its conduct was voluntarily self-disclosed. [READ MORE](#)

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## **BIS Enforcement Recap**

The Team at BIS Export Enforcement condensed an exceedingly active year to a page and a half memo of admirable brevity recapping the office's activities.

The men and women of Export Enforcement work tirelessly to help safeguard our collective national security. From degrading the Russian war machine to stopping the People's Republic of China (PRC) from acquiring advanced U.S. technology, our efforts impose costs on adversaries and degrade their battlefield capabilities. [READ MORE](#)

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## **Russian, Iran Sanctions for U.S. Election Meddling**

OFAC is designating a subordinate organization of Iran's Islamic Revolutionary Guard Corps (IRGC), and a Moscow-based affiliate organization of the Russian Main Intelligence Directorate (GRU) and its director pursuant to the U.S. election interference authority.

As affiliates of the IRGC and GRU, "these actors aimed to stoke socio-political tensions and influence the U.S. electorate during the 2024 U.S. election," according to a Treasury statement. [READ MORE](#)