

# Washington Tariff & Trade Letter

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## POLITICS AND POLICY

### Potential Method Behind the Show

Beneath the surface of outlandish claims on allied sovereignty, the incoming administration appears to be hashing out a strategy to kick off President Trump's second term with some big, beautiful tariffs. Facing the prospect of another ineffectual Congress, Team Trump is exploring tools that permit unilateral executive action on tariffs and trade. The transition team has reportedly drafted executive orders that give Trump wide-ranging authority, including Section 301, Section 338 and Section 122 authorities, as well as the powers available under the International Economic Emergency Powers Act. [READ MORE](#)

### U. Michigan Cuts Link with Chinese

University of Michigan has announced it is ending its joint institute with Shanghai Jiao Tong University (SJTU). In a letter, Santa Ono, president of the University of Michigan, said following a thorough review the university has initiated the six-month process to “officially end the partnership” with Shanghai Jiao Tong University in the Chinese metropolis of Shanghai. Ono said the university, while valuing academic international partnerships, takes “matters of national security very seriously” and will better vet visa requirements for international students. [READ MORE](#)

### Rep. Mast Hoists his Jolly Roger

Casting aside any vestige of the customary bipartisan comity of the House Foreign Affairs Committee, newly appointed Chairman Brian Mast (R-FL) announced the committee’s leadership for the 119th Congress, and fired an opening salvo at the Department of State. “America is being tested like never before and Republicans on this committee are ready to meet the moment. We will stand strong and united as we get to work to carry out our clear mandate to fix the State Department and ensure every dollar and every diplomat we authorize puts America First,” stated the Fort Pierce lawmaker. [READ MORE](#)

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## [Trade Deficit Up in November](#)

The US trade deficit rose to \$78.2 billion in November, up \$4.6 billion from \$73.6 billion in October, the Commerce Department reported last week. November exports were \$273.4 billion, \$7.1 billion more than October exports. Imports were \$351.6 billion, \$11.6 billion more than October. [READ MORE](#)

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## [Senate Finance Committee Roster Announced](#)

U.S. Senate Finance Committee Chairman Mike Crapo (R-Idaho) welcomed Senator Roger Marshall (R-Kansas) and five Democratic members to the Committee for the 119th Congress. The Finance Committee has the largest jurisdiction of any congressional committee, overseeing over 50 percent of the nation's budget, including America's entitlement programs, Medicare, Medicaid and Social Security, all tax policy, international trade, several welfare programs and the nation's debt. [READ MORE](#)

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## [Trade Tensions Trim Growth Prospects: UN Report](#)

Despite withstanding a series of mutually reinforcing shocks, global economic growth has stagnated and remains below the pre-pandemic annual average of 3.2 per cent, according to the World Economic Situation and Prospects (WESP) 2025 report release this week by the United Nations.

Overall, global trade is forecast to expand by 3.2 per cent in 2025, driven by strong exports from Asia and a rebound in services trade. The report notes that trade tensions, protectionist policies, and geopolitical uncertainties are significant risks to the outlook. [READ MORE](#)

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## **EXPORT CONTROLS**

### [AI Diffusion Rule Rattles Industry](#)

The trade security community spent last week atwitter over the widely anticipated export controls on Artificial Intelligence related technology. The "Export Control Framework for 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. The rule is expected to be introduced in final form, dispensing with the customary review and public comment process. As the publication was expected Friday, some in the rulemaking process may be having second thoughts about that. [READ MORE](#)

### [White House Updates Missile Control Regime Policy](#)

The United States has adjusted its policy on implementing the Missile Technology Control Regime (MTCR) to expand access to some weapons for its allies, the White House said. Now, the US authorities must show greater flexibility in considering each specific case of export of such technologies, and

facilitate the transfer of "certain MTCR Category I military missiles, Unmanned Aerial Systems (UAS), and Space Launch Vehicle (SLV) systems to certain partners with strong export control systems." [READ MORE](#)

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## [Entity List Adds: China, Burma, Pakistan](#)

January 6th, The Commerce Department added 13 entities to the Entity List under the destinations of Burma (1), China, People's Republic of (China) (11), and Pakistan (1). The Chinese firms were added for acquiring and attempting to acquire U.S.-origin items in support of China's military modernization. In addition, these entities have "demonstrable ties to activities of concern, including hypersonic weapons development, design and modeling of vehicles in hypersonic flight, using proprietary software to model weapons design and damage; and otherwise supporting China's military-civil fusion efforts," according to the Commerce Department. The entities are added with a license requirement for the export, reexport, and transfer (in-country) of all items subject to the EAR and a license review policy of presumption of denial. [READ MORE](#)

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## ENFORCEMENT

### [Miami Condo Forfeiture in Russian Ruse](#)

The Department of Justice announced that, pursuant to a court-ordered default judgment and final order of forfeiture entered on Jan. 7, it has secured the forfeiture of two two Miami condominiums that were maintained, transferred, and leased in violation of U.S. sanctions against Russian national Viktor Perevalov. The forfeited properties have a combined value of approximately \$1.8 million. Perevalov, a constructions executive, was sanctioned in January 2018 for his work in Russia-occupied Crimea. Later that year, a Miami real estate agent retained to manage the properties transferred the two condominiums owned by Perevalov to a limited liability company set up to obfuscate Perevalov's interest in the properties. Following the transfer, the properties continued to be leased, generating proceeds used to maintain them. [READ MORE](#)

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### [\\$50MM to Fund Nigerian Rural Electrification](#)

The Justice Department announced today that the United States entered into an agreement to transfer approximately \$52.88 million in forfeited assets to the Federal Republic of Nigeria in recognition of Nigeria's assistance to the department in an investigation into corruption in the Nigerian oil industry. The funds will be used for electrification projects and cross-border efforts to combat terrorism, according to the agreement between Washington and Lagos. [READ MORE](#)

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## [DOJ Shares \\$50M Danske Bank Loot with Latvians](#)

The Justice Department announced Tuesday that it entered into an agreement to share \$50 million in forfeited assets with the Republic of Estonia in recognition of Estonia's assistance in the successful prosecution of Danske Bank and related forfeiture. In December 2022, Danske Bank pleaded guilty to one count of conspiracy to commit bank fraud in a scheme to defraud U.S. banks regarding Danske Bank Estonia's customers and anti-money laundering controls to facilitate access to the U.S. financial system. According to admissions and court documents, Under the agreement, Estonia will use the funds to strengthen its capacity to fight financial crime. [READ MORE](#)

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## [Yakuza Guilty in Drugs, Arms & Yellowcake Trade](#)

A member of the Yakuza crime syndicate has pleaded guilty to trafficking nuclear materials, including weapons-grade plutonium, from Burma. The scheme was uncovered during a DEA investigation into narcotics and firearms trafficking. Takeshi Ebisawa, 60, of Japan, pleaded guilty in Manhattan to conspiring with a network of associates to traffic nuclear materials, including uranium and weapons-grade plutonium, from Burma to other countries, as well as to international narcotics trafficking and weapons charges. Ebisawa pleaded guilty to six counts contained in the superseding indictment issued in February 2024 [READ MORE](#)

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## [Sentencing in Brooklyn Dual-Use Scheme](#)

A Montreal man was sentenced Wednesday to 40 months in prison for conspiring to commit export control violations. Nikolay Goltsev masterminded a global procurement scheme on behalf of sanctioned Russian companies, including Russian military companies. Some of the electronic components shipped by Goltsev were later found in seized Russian weapons platforms and signals intelligence equipment in Ukraine. [READ MORE](#)

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## **SANCTIONS & SECURITY**

### [Broader Russia Oil Sanctions](#)

New US sanctions will add nearly 200 more Russian ships, and two of the principal Russian maritime insurers. New US sanctions add nearly 200 more Russian ships, two oil producers and two of the principal Russian maritime insurers to efforts to restrict Russian oil revenues. The new sanctions affect producers Gazprom Neft and Surgutneftegaz and insurers Ingosstrakh and Alfastrakhovanie, which insure much of Russia's "shadow fleet" of tankers. Also included are "opaque traders of Russian oil" and two UAE-based ship managers. Restrictions on the provision of oil services in Russia may finally impact the flourishing Russian trade of Houston oil services firm SLB. [READ MORE](#)

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## [DoD China Blacklist Swells](#)

The Department of Defense has released an update to the names of "Chinese military companies" operating directly or indirectly in the United States. While not directly impacting the firm's business prospects, the designation fogs the optics of some large partnerships between American manufacturers and their Chinese business partners. [READ MORE](#)

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## [Balkans Sanctions Updated](#)

United States President Joe Biden signed an executive order amending existing sanctions measures targeting individuals and groups involved in "ongoing attempts to undermine the sovereignty and territorial integrity of the countries of the Western Balkans." The sanctions were imposed in response to activities that undermine post-war agreements and institutions, as well as serious forms of corruption that undermine the rule of law and trust in democratic institutions. In November the Administration sanctioned parties involved in "destabilizing activities in Bosnia and Herzegovina." [READ MORE](#)

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## [Orban Crony Sanctioned](#)

OFAC has sanctioned a senior Hungarian government official, for his involvement in corruption in Hungary. Antal Rogan is Minister in Charge of Prime Minister Victor Orbán's Cabinet Office. Rogan controls many government entities, including the National Communications Office, the Digital Government Agency, and the Hungarian Tourism Agency. [READ MORE](#)

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## [Sudanese Warlord, UAE Traders Sanctioned](#)

January 7, OFAC sanctioned the leader of Sudan's Rapid Support Forces (RSF) and a complex of related Emirati trading firms responsible for supply and succor to the RSF, one of the Sudanese war's primary belligerents. "Through its campaign in Darfur, Gezira, and other combat areas, the RSF has committed a litany of documented war crimes and atrocities, including ethnically motivated killings and sexual violence as a weapon of war. As the overall commander of the RSF, Mohammad Hamdan Daglo Mousa bears command responsibility for the abhorrent and illegal actions of his forces," the OFAC announcement read. [READ MORE](#)

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## [Syria Sanctions Update](#)

The Department of the Treasury's Office of Foreign Assets Control (OFAC) has issued Syria General License 24, "Authorizing Transactions with Governing Institutions in Syria and Certain Transactions Related to Energy and Personal Remittances." Additionally, OFAC has also issued eight new Syria Frequently Asked Questions (FAQs 1205 - 1212), and one amended Syria Frequently Asked Question (FAQ 227). [READ MORE](#)

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## SUPPLY CHAIN

### [Notorious Markets Report Pharma Focus](#)

January 8th, the USTR released the findings of its 2024 Review of Notorious Markets for Counterfeiting and Piracy (the Notorious Markets List). The Notorious Markets List highlights online and physical markets that reportedly engage in or facilitate substantial trademark counterfeiting or copyright piracy. This year's Notorious Markets List's issue focus section examines illicit online pharmacies and counterfeit medicines. The issue focus describes the growth in illicit online pharmacies and the dangers of counterfeit medicines, including the health and safety risks. USTR calls on trading partners to improve on criminal and border enforcement against counterfeit goods, particularly counterfeit medicines. [READ MORE](#)

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### [Exim to Finance Foreign Miners](#)

Export-Import Bank of the United States (EXIM) approved a program to subsidize foreign mining projects to better ensure American industry's access to raw materials. EXIM will provide financing for international projects with signed long-term "off-take" contracts with U.S. companies, providing these U.S. companies with access to critical minerals from partner countries. The Supply Chain Resiliency Initiative (SCRI) provides "targeted financing to develop projects that secure critical minerals and rare earth elements, essential for transformative technologies like battery storage and semiconductors, from trusted international partners." according to EXIM. [READ MORE](#)

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### [Exim Funds Tennessee Alloy Processor](#)

The Board of Directors at the Export-Import Bank of the United States (EXIM) approved a nearly \$23.5 million loan to the Tennessee plant of an Australian powdered metals firm as part of the bank's Make More in America initiative (MMIA). The direct loan will be used to finance the purchase and installation of industrial metals processing equipment to further expand a McDonald, TN-based critical minerals and refractory alloy processing facility owned by Amaero Advanced Materials & Manufacturing. [READ MORE](#)

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### [DoD Announces Strategic Minerals Board](#)

The Department of Defense (DoD) announced the formal establishment of the Strategic and Critical Materials Board of Directors, pursuant to the Stock Piling Act and the Federal Advisory Committee Act. The Board is a non-discretionary Federal Advisory Committee and will advise the Under Secretary of Defense for Acquisition and Sustainment on a strategy for securing DoD's supply chains for strategic and critical materials and strengthening the National Defense Stockpile (NDS). [READ MORE](#)

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## [Predicting Impact of China's Export Controls](#)

Prepared by a team at Pacific Northwest National Laboratory for the National Bureau of Asian Research, this report examines the existing export control regime of the People's Republic of China (PRC) and presents a methodology for anticipating and identifying future PRC controls on raw materials.

The PRC's system of export controls has historically been piecemeal, and its administration poorly understood. Recent formalization of the system beginning in 2020 and escalating in 2023 is consistent with the PRC's increased exercise of lawfare and demonstrates greater regulatory capabilities. PRC authorities are able to weaponize supply chains by targeting specific critical minerals under new export controls. [READ MORE](#)

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## [USTR Supply Chain Research Published](#)

The US Trade Representative's Office issued six policy papers on trade and investment policy initiatives that promote supply chain resilience. The policy papers address a trade policy framework for supply chain resilience; challenges and opportunities for advancing resilience in the US textile and apparel industries; use of rules of origin to promote resilience; how more effective responses to non-market policies and practices build resilience; data and analytics for developing resilience-oriented trade policy; and sectoral trade agreements for enhancing resilience. [READ MORE](#)