

Washington Tariff & Trade Letter

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TOP STORIES

[U.S. Trade Deficit Widens Sharply to Record Levels](#)

The U.S. trade deficit in goods and services surged to a record \$140.5 billion in March 2025, according to data released by the U.S. Bureau of Economic Analysis. This marked a 14.0% increase over the revised February deficit of \$123.2 billion and was the largest monthly percentage increase since December 2024–January 2025. [READ MORE](#)

[To a Hammer Everything Looks Like a 232](#)

Friday's surprise announcement that the Commerce Department has opened a Section 232 investigation on the import of commercial aircraft, jet engines and parts further confirms the embrace of the mechanism by the Trump administration. Since January 20, 2025, the U.S. Department of Commerce has initiated seven Section 232 investigations under the Trade Expansion Act of 1962, focusing on imports deemed critical to national security. [READ MORE](#)

[Chinese Robots Spark Fear Across the Aisle](#)

On May 6, 2025, the House Select Committee on the Chinese Communist Party (CCP) issued a bipartisan letter expressing national security concerns regarding Unitree Robotics, a Hangzhou-based robotics company. Unitree Robotics holds a dominant position in the global quadruped robot market. [READ MORE](#)

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POLICY & POLITICS

House Passes Trade Security Bills

The House of Representatives passed bills related to trade and economic security: addressing IP protection, procurement of Uyghur Region-origin goods, Chinese cultural missions in the US, and Export License reporting to Congress. [READ MORE](#)

Rep. Foster's Bill for AI Chip Tracking

Representative Bill Foster (D-IL) plans to introduce legislation requiring U.S. regulators to implement technical measures for tracking the location of advanced artificial intelligence (AI) chips, such as those manufactured by Nvidia, and to prevent their unauthorized use under export control laws. [READ MORE](#)

TARIFF UPDATE

Brussels Stands up to US Trade Moves

On May 8, 2025, the European Commission proposed retaliatory tariffs on up to €95 billion (\$107 billion) worth of U.S. imports, contingent upon the outcome of ongoing trade negotiations. The proposed measures target sectors including aerospace, automotive, chemicals, machinery, and agriculture. A public consultation on these measures is open until June 10, 2025. [READ MORE](#)

U.S. and U.K. Trade Framework: Final Terms Pending

On May 8, 2025, President Donald Trump and Prime Minister Keir Starmer unveiled a framework for a U.S.–U.K. trade agreement, marking the first such accord since the U.S. imposed sweeping global tariffs in April. While the framework outlines key tariff adjustments and market access provisions, officials acknowledged that comprehensive terms remain under negotiation and may take months or longer to finalize. [READ MORE](#)

Call to Extend Steel Tariffs to Appliances

Senator Bernie Moreno (R-Ohio) has urged the Department of Commerce to expand Section 232 tariffs on steel derivative products to cover the full value of imported steel-intensive appliances, citing a surge in foreign imports undermining domestic manufacturing. [READ MORE](#)

EXPORT CONTROL

AI Diffusion Rule Scrapped

The Trump administration reportedly has revoked the AI Diffusion Rule just one week before it was set to take effect. The rule, issued in the final weeks of the Biden administration, would have significantly expanded export license requirements for AI chips, applying them broadly to nearly all countries to prevent diversion to China. [READ MORE](#)

Missile Technology Control Reform Bill Introduced

U.S. Representatives Michael McCaul (R-Texas), and Bill Huizenga (R-Mich.), have introduced H.R. 3068, the Missile Technology Control Revision Act, aimed at reforming missile technology export rules and to enhance allied defense cooperation. The legislation seeks to amend the Arms Export Control Act of 1976 to expedite defense trade with U.S. allies by authorizing the President to exempt designated countries from certain export restrictions. [READ MORE](#)

Biosafety EO Impacts Foreign Research

President Donald Trump signed an executive order Monday halting federal funding for certain biological research deemed dangerous, particularly gain-of-function experiments conducted in foreign countries with inadequate oversight, including China. [READ MORE](#)

US Drug Discovery Shifting to China

America's leadership in drug innovation is eroding as pharmaceutical companies increasingly source new compounds from China, former FDA Commissioner Scott Gottlieb warns in STAT . In 2024, ...[READ MORE](#)

FOREIGN INVESTMENT

China Hawks Call for SEC to Delist PRC Firms

Two congressional China Hawks have called on the Securities and Exchange Commission (SEC) to delist Chinese companies tied to the Chinese Communist Party (CCP) from U.S. exchanges, citing serious national security concerns and investor risks [READ MORE](#)

Treasury Fast Track for Foreign Investment

The U.S. Department of the Treasury announced today the launch of a pilot Fast Track Program aimed at streamlining foreign investment review for investors from allied and partner nations. The initiative includes the development of a “Known Investor” portal to allow the Committee on Foreign Investment in the United States (CFIUS) to collect preliminary information from eligible investors before formal filings. [READ MORE](#)

Sides Dig In on CFIUS Steel Review

Nippon Steel continued to state its intention to acquire U.S. Steel, emphasizing the strategic importance of the deal amid rising trade uncertainty and continued U.S. tariffs under President Donald Trump. Lawmakers and the United Steelworkers President David McCall remain opposed to the transaction, while rank and file sentiment is mixed. [READ MORE](#)

SANCTIONS & ENFORCEMENT

Cuba Baseball Sanctions

The Trump administration is reportedly preparing to formally reimpose restrictions on the participation of Cuban baseball players in Major League Baseball (MLB), according to a leak obtained by journalist Daniel de Malas, press chief of the Cuban Professional Baseball Federation in Exile (FEPCUBE). [READ MORE](#)

Burmese Warlord Sanctions

Treasury’s Office of Foreign Assets Control (OFAC) today designated the Karen National Army (KNA), a Burmese militia group, as a transnational criminal organization under Executive Order (E.O.) 13581, as amended. OFAC also sanctioned KNA leader Saw Chit Thu and his sons for their roles in cyber scam operations, human trafficking, and cross-border smuggling that have harmed U.S. citizens. [READ MORE](#)

EU 17th Sanctions Package

The European Union has proposed fresh sanctions targeting companies in Vietnam, Turkey, and Serbia accused of enabling Russia to evade existing embargoes. The 17th package of EU sanctions since Russia’s full-scale invasion of Ukraine also seeks to blacklist 149 oil tankers operating in Moscow’s “shadow fleet” and approximately 60 individuals and entities based in Russia and China. [READ MORE](#)

Treasury Pressures "Teapot" Refiners, Shippers

Treasury's Office of Foreign Assets Control (OFAC) today sanctioned a major Chinese "teapot" refinery and several port operators, shipping firms, vessels, and individuals involved in importing Iranian oil, as part of its ongoing campaign to restrict Iran's petroleum revenues. [READ MORE](#)

UBS Settles Credit Suisse Charges for \$511 million

Credit Suisse Services AG pleaded guilty today to conspiring to help U.S. taxpayers hide over \$4 billion in at least 475 offshore accounts. The Swiss company also entered a non-prosecution agreement with the DOJ's Tax Division and the U.S. Attorney's Office for the Eastern District of Virginia, admitting it maintained undeclared U.S. accounts at Credit Suisse AG Singapore valued at over \$2 billion between 2014 and 2023. The conduct violated a 2014 plea agreement. [READ MORE](#)