TRADE NEWS WEEKLY

September 25–September 29, 2023

A summary of international business news prepared by the Hawaii Foreign-Trade Zone 9 with the collaboration of the Research and Economic Analysis Division of the Department of Business, Economic Development & Tourism, and based on research and information from *Sandler, Travis & Rosenberg P.A.*, which tracks news and events related to global trade. Other news sources may occasionally be included where indicated.

China Tariff Exclusions Extended Through December 31

Hundreds of exclusions from the Section 301 tariffs on imports from China that had been scheduled to expire Sept. 30 have been extended through Dec. 31. These include more than 300 exclusions of various products (click here for full list) as well as exclusions for 77 medical care products needed to address the COVID-pandemic. These exclusions are available for any product that meets the specified HTSUS numbers and product descriptions, regardless of whether the importer filed an exclusion request.

USTR states that these extensions will "provide a transition period for the expiring exclusions" in light of the anticipated results of its review of the Section 301 tariffs, which USTR Katherine Tai has said are expected this fall. Tai noted that this review could result in changes to the tariffs, including removals and/or additions, as well as a new exclusion process.
Source: Sandler, Travis & Rosenberg, P.A.

Import Restrictions Possible on China, Mexico, Russia For IUU Fishing

The Department of Commerce has issued a biennial report identifying the nations of concern with respect to illegal, unreported, and unregulated fishing and related forced labor activities.

The 2023 report identifies Angola, China, Grenada, Mexico, Taiwan, The Gambia, and Vanuatu for IUU fishing. Identifications for China and Taiwan include information related to seafood-related goods produced through forced labor. China and Vanuatu are additionally identified for shark catch without a regulatory program comparable to that of the U.S. The DOC notes that this is the first time, as part of this report, that it has identified nations for shark catch and considered forced labor in the seafood sector when making IUU fishing identifications.

The DOC will work with the identified nations over the next two years to address the activities of concern and will thereafter issue a certification determination for each indicating whether it has taken actions to remedy those activities. A negative certification will result in the denial of U.S. port access for fishing vessels of the specified nation and can result in restrictions on the importation of its fish or fish products into the U.S.

With respect to nations identified for IUU fishing in the DOC's 2021 report, Costa Rica, Guyana, Senegal, and Taiwan have received positive certification determinations but China, Mexico, and Russia have received negative certification determinations. The DOC notes that certain vessels from Mexico (which has been negatively certified twice in a row now) have been denied entry into U.S. ports since February 2022.

The 2021 report also identified numerous countries over concerns about bycatch of protected living marine resources. The DOC has now made positive certifications for China, Croatia, Egypt, the European Union, Grenada, Guyana, Japan, Korea, Mauritania, Morocco, Portugal, Saint Vincent and the Grenadines, South Africa, and Taiwan for taking corrective actions.

However, Algeria, Barbados, Côte d'Ivoire, Cyprus, France, Greece, Italy, Malta, Namibia, Senegal, Spain, Trinidad and Tobago, Tunisia, and Turkey have received negative certifications for not having a regulatory program comparable to that of the U.S. to reduce bycatch of sea turtles in pelagic longline fisheries. Additionally, Mexico has been negatively certified for its lack of a comparable regulatory program to reduce or minimize bycatch of endangered North Pacific loggerhead sea turtles.
Source: Sandler, Travis & Rosenberg, P.A.

Imports Banned From Three More Entities For Forced Labor Concerns

Effective September 27, the Forced Labor Enforcement Task Force is adding the following companies to the Uyghur Forced Labor Prevention Act Entity List.

- Xinjiang Zhongtai Group Co. Ltd., which produces and sells polyvinyl chloride, iconic membrane caustic soda, industrial salt, calcium carbide, viscose fiber, viscose yarn, and other textile, chemical, and building materials

- Xinjiang Tianshan Wool Textile Co. Ltd., which sells and manufactures cashmere and wool garments as well as velvet and other textile products

- Xinjiang Tianmian Foundation Textile Co., which produces yarn and textile products

The UFLPA Entity List is a consolidated register of the four lists required to be developed and maintained under that law: (1) entities in the Xinjiang Uyghur Autonomous Region that mine, produce, or manufacture wholly or in part any goods, wares, articles, and merchandise with forced labor, (2) entities working with the XUAR government to recruit, transport, transfer, harbor, or receive forced labor or Uyghurs, Kazakhs, Kyrgyz, or members of other persecuted groups out of the XUAR, (3) entities that exported products made by any of the above entities from China into the U.S., and (4) facilities and entities, including the Xinjiang Production and Construction Corps, that source material from the XUAR or from persons working with the XUAR government or the XPCC for purposes of the "poverty alleviation" program or the "pairing-assistance" program or any other government-labor scheme that uses forced labor

The UFLPA establishes a rebuttable presumption that goods made wholly or in part in China's Xinjiang Uyghur Autonomous Region are made with forced labor and are therefore excluded from entry into the U.S. CBP applies the UFLPA's rebuttable presumption to goods mined, produced, or manufactured by entities on the UFLPA Entity List, which are thus prohibited from importation into the U.S. under 19 USC 1307. With the most recent additions there are now 27 companies on this list.
Source: Sandler, Travis & Rosenberg, P.A.

Trade Deficit Edges Up As Exports, Imports Increase

The monthly U.S. trade deficit in goods and services rose by 2.0 percent in July, reversing two months of declines, as imports and exports both increased. However, for the year to date the total U.S. trade deficit is down 21.4 percent for the same period in 2022, with exports up 1.6 percent and imports down 4.3 percent.

Imports gained 1.7 percent, to $316.7 billion, from June to July. Imports of goods were up 2.1 percent to $258.3 billion, with increases of $1.4 billion for cell phones and other household goods, $1.0 billion for drugs, and $800 million for semiconductors along with decreases of $400 million for finished metal shapes and $300 million for iron and steel mill products. Services imports were down less than $0.1 billion to $58.4 billion.

Exports rose 1.6 percent in July to $251.7 billion. Exports of goods were up 1.9 percent to $168.4 billion, with increases of $1.2 billion for drugs, $900 million for passenger cars, and $700 million for non-monetary gold along with a decrease of $900 million for gem diamonds. Services exports edged up 0.8 percent to $83.3 billion.

With exports and imports both up, the monthly U.S. trade deficit increased from $63.7 billion in June to $65.0 billion in July. The deficit in goods trade was up 2.3 percent to $90.0 billion while the services trade surplus gained 2.9 percent to $25.0 billion.
Source: Sandler, Travis & Rosenberg, P.A.

Legislative Update: Trade Status, High-Tech Exports

Trade status. Senate Bill, S. 2748 (introduced Sept. 7 by Sens. Murphy, D-Conn., and Young, R-Ind.) would authorize the extension of permanent non-discriminatory treatment (normal trade relations treatment) to the products of Kazakhstan, Uzbekistan, and Tajikistan. Young said this bill would fix "outdated and restrictive policies that are hindering our nation's ability to build trade and commercial relationships in a critical region."

Exports. The Technology Exports to India Act (H.R. 5374, introduced Sept. 8 by Rep. Meeks, D-N.Y.) would remove restrictions on the sale of U.S. high-performance computers and related equipment to India without a Department of Commerce license. Meeks said doing so would "enhance U.S.-India technology trade, linkages between our technology companies, and supply chain resilience for a critical industry."
Source: Sandler, Travis & Rosenberg, P.A.

AD/CV News: Fish, Lockers, Propane Cylinders, Steel Plate, Wind Towers

The International Trade Administration and/or International Trade Commission have recently announced the following actions in antidumping and/or countervailing duty cases.

Fish – (1) dumping margins of zero and $0.14/kg in preliminary results of administrative review of AD duty order on frozen fish fillets from Vietnam for the period August 1, 2021, through July 31, 2022, and (2) intent to rescind review with respect to eight companies

Lockers – (1) net subsidy rates of 25.78 percent for 2020 and 31.81 percent for 2021 in preliminary results of administrative review of CV duty order on metal lockers and parts thereof from China for the period December 14, 2020, through December 31, 2021, and (2) rescission of review with respect to four companies and instruction to CBP to assess CV duties on entries of subject goods at the applicable cash deposit rates

Propane cylinders – dumping margin of 2.12 percent for one exporter/producer in preliminary results of administrative review of AD duty order on steel propane cylinders from Thailand for the period August 1, 2021, through July 31, 2022

Steel plate – net subsidy rate of 1.08 percent in final results of administrative review of CV duty order on cut-to-length carbon-quality steel plate from Korea for the period January 1 through December 31, 2021

Wind towers – dumping margin of 1.95 percent for Korea and 3.06 percent for Indonesia in preliminary results of administrative reviews of AD duty orders on utility-scale wind towers from these countries for the period August 1, 2021, through July 31, 2022.
Source: Sandler, Travis & Rosenberg, P.A.

U.S. Remains Tight-Lipped On Progress Of Indo-Pacific Trade Talks

The Biden administration says the most recent round of negotiations on the Indo-Pacific Economic Framework saw continued progress but once again divulged few details.

IPEF was launched in 2022 with the aim of strengthening U.S. ties to the region and creating "a stronger, fairer, more resilient economy for families, workers, and businesses." Australia, Brunei, India, Indonesia, Japan, Korea, Malaysia, New Zealand, the Philippines, Singapore, Thailand, and Vietnam are the current participants, and each of them except India has pledged to take part in all the initiative's four pillars: trade (which India opted out of), supply chains, clean economy, and fair economy.

According to a joint press release from the Office of the U.S. Trade Representative and the Department of Commerce, at the fifth negotiating round held Sept. 10-16 in Thailand IPEF participants "continued to make progress on negotiations towards high-standard outcomes" on trade, clean economy, and fair economy. However, the two agencies offered no details on what that progress entailed.

Officials also continued discussions on next steps for the proposed IPEF supply chain agreement following the substantial conclusion of negotiations in May and the public release of the text of the agreement Sept. 7. Legislation recently signed into law in the U.S. allows implementation of this agreement but requires congressional approval of any further IPEF agreements (though the White House has signaled its disagreement with the latter provision).

There has been some speculation that IPEF talks could be concluded before or during the annual Asia-Pacific Economic Cooperation summit this November. However, following the most recent talks USTR and DOC said only that additional negotiating rounds are expected this year.
Source: Sandler, Travis & Rosenberg, P.A.

WTO Says Global Trade Showing Signs of Fragmentation

The World Trade Organization's annual World Trade Report is calling for a focus on "re-globalization" amid early indications of trade fragmentation across the world that it says are threatening to "unwind growth and development."

According to the report, ongoing global crises in geopolitics, public health, the environment, and the economy have led many to argue that globalization exposes countries to excessive risks and that greater economic independence, rather than interdependence, would better serve the well-being of their constituencies. These views are beginning to affect trade flows, including in ways that point toward fragmentation of trading relationships along geopolitical lines.

For example, the WTO has calculated that goods trade flows between two hypothetical geopolitical blocs (based on voting patterns at the United Nations General Assembly) have grown 4-6 per cent more slowly than trade within these blocs. There have also been setbacks in regional trade integration efforts, a shift toward unilateral trade policies, and a concomitant jump in the number of concerns being escalated to a more political level at the WTO.

The report cautions against following this trend, pointing to "three disastrous decades of deglobalization" in the 20th century "marked by two world wars, the Great Depression, and political extremism." But the report also notes that claims of de-globalization in the world today "are still greatly exaggerated" and that international trade is continuing to thrive. Evidence includes the expansion of digital services trade, environmental goods trade, and global value chains in addition to the resilience of trade to recent global crises.

The report also argues that re-globalization – i.e., a renewed drive toward integrating more people, economies, and pressing issues into world trade – is a more promising solution to existing problems than fragmentation.

"The long-term evidence suggests that trade has contributed positively to peace among nations," said WTO Director-General Ngozi Okonjo-Iweala. "With regard to economic security, recent experiences with the COVID-19 pandemic, extreme weather events and the war in Ukraine have demonstrated how deep and diversified international markets help countries cope with unanticipated shortages by securing supplies from alternative sources."

In addition, she said, there is overwhelming evidence that closer economic integration has led to "a massive reduction" in the share of the global population living in extreme poverty, reduced inequality between rich and poor countries and across the global population as a whole, and enabled technology improvements that have increased the participation of historically under-represented countries in global trade and have had a strong impact in reducing carbon emissions.
Source: Sandler, Travis & Rosenberg, P.A.