

# TRADE NEWS WEEKLY

March 11-March 15, 2024

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.

## Legislative: Countering China

The Countering Communist China Act (H.R. 7476, introduced February 29 by Representative Hern, R-Okla.), which sponsors called “the largest and most comprehensive legislation addressing the Chinese Communist Party (CCP) ever introduced in Congress,” would (1) end permanent normal trade relations status for imports of Chinese goods, (2) promote free trade with Taiwan, the Philippines, Indonesia, Thailand, Malaysia, New Zealand, and the United Kingdom, (3) impose trade restrictions on Chinese military and surveillance companies, and (4) restrict outbound investments into Chinese tech companies. Other provisions include incentivizing the manufacture of medical supplies and drugs in the U.S., empowering U.S. trade officials to pursue agreements to diversify and strengthen supply chains, and increasing funding for the enforcement of sanctions against China and prohibitions on imports of goods made in China with forced labor.

The Declaring Our Energy Independence from China Act (S. 3866, introduced March 5 by Senator Hawley, R-Mo.) would require (1) the imposition of additional 25 percent tariffs on all battery components, solar energy components, and wind energy components imported from China, (2) those tariffs to be increased by five percent a year to a final rate of 50 percent, and (3) a report from the Office of the U.S. Trade Representative detailing the extent to which China has provided industrial subsidies to its battery, solar energy, and wind energy sectors during the preceding 15 years.

**Source: Sandler, Travis & Rosenberg, P.A.**

## Rice: The Focus Of ITC Investigation

The International Trade Commission has instituted an investigation into the global competitiveness of rice and impacts on trade and U.S. industry.

The ITC states that this investigation will result in a report containing the following information.

- recent developments in the rice industries in the U.S. and other major producing and exporting countries, such as Bangladesh, Brazil, China, India, Indonesia, Pakistan, Paraguay, Thailand, Uruguay, and Vietnam
- recent trade trends and developments in the global market for rice, including U.S. and major foreign supplier imports and exports
- a comparison of the competitive strengths and weaknesses of rice production in and exports from the U.S. and other major exporting countries, focusing on factors affecting delivered cost, product differentiation, and reliability of supply as well as government policies and programs that directly or indirectly affect rice production and exporting
- an assessment of the impact of government policies and programs, including public stockholding programs and export restrictions, of major producing and exporting countries on U.S. rice production, product revenues and profits, consumption, trade, and prices, as well as on food security in developing countries
- the impact on the U.S. rice industry of exports of rice from the highlighted countries to the U.S. and to traditional U.S. export markets

The ITC will hold a public hearing in connection with this investigation on April 30. Requests to appear at this hearing are due by April 18 and pre-hearing briefs and statements are due by April 11. Post-hearing briefs will be due by May 22 and all other written submissions will be due by July 12. The ITC expects to submit a final report to the House Ways and Means Committee by March 5, 2025.

**Source: Sandler, Travis & Rosenberg, P.A.**

## Trade Deficit Up Again On Import Rise

The monthly U.S. trade deficit in goods and services increased 5.1 percent in January as imports rose faster than exports.

Imports were up 1.1 percent, to \$324.6 billion, from December to January. Imports of goods rose 1.2 percent to \$263.4 billion, with increases of \$1.1 billion for passenger cars and \$1.0 billion for trucks, buses, and special-purpose vehicles along with decreases of \$1.9 billion for crude oil and \$1.1 billion for cell phones and other household goods. Services imports edged up 0.8 percent to \$61.3 billion.

Exports inched up 0.1 percent in January to \$257.2 billion. Exports of goods were up 0.1 percent to \$171.8 billion, with increases of \$1 billion for non-monetary gold, \$700 million for passenger cars, and \$600 million for consumer goods as well as decreases of \$1.4 billion for crude oil and \$600 million for fuel oil. Services exports gained 0.2 percent to \$85.4 billion.

With exports and imports both up, the monthly U.S. trade deficit increased from \$64.2 billion in December to \$67.4 billion in January. The deficit in goods trade rose 3.4 percent to \$91.6 billion while the services trade surplus fell 1.2 percent to \$24.2 billion.

**Source: Sandler, Travis & Rosenberg, P.A.**

## WTO Sees Little Progress At Ministerial Meeting

The World Trade Organization's 13th ministerial conference, held earlier this month in the United Arab Emirates, yielded little progress on

key issues despite being extended several days for additional negotiations.

WTO members failed to reach consensus on two of the issues highlighted as priorities before the meeting: a broader agreement on fisheries subsidies, and export restrictions on food destined for least-developed country members. On other issues WTO members failed to advance talks as much as hoped. For example, a longstanding moratorium on customs duties on electronic transmissions was extended, but only for two years, after which it appears set to expire. On dispute settlement reform, while U.S. Trade Representative Katherine Tai said "the significant amount of work done" on this issue has "produced more results in one year than previous reform efforts had achieved in decades," she acknowledged that "additional efforts are needed to finish the work" by the end of this year as members have previously agreed.

Tai said there were some smaller achievements as well, including (1) extending until the next ministerial conference a moratorium on initiating non-violation and situation complaints under the WTO Agreement on Trade-Related Aspects of Intellectual Property Rights, (2) approving the accession of least-developed countries Comoros and Timor-Leste, and (3) agreeing to support the capacity of WTO members graduating from least-developed country status to effectively utilize the WTO agreements on technical barriers to trade and sanitary and phytosanitary measures. European Union trade commissioner Valdis Dombrovskis added that work was advanced on tackling plastics pollution, phasing out fossil fuels, promoting the circular economy, and special and differential treatment for developing countries on standards for market access.

On the other hand, Tai indicated that there are disagreements on "priorities for taking the work of the WTO forward." Specifically, she said, discussions at the ministerial "highlighted that, as the WTO evolves to keep pace with the modern global economy, important debates are emerging among developing economies, large and small, over what rules and policies best serve their interests, particularly on issues such as inclusivity, sustainable development, industrial development, and the need for our

trade policies to be flexible to allow Members to manage current global challenges.”

**Source: Sandler, Travis & Rosenberg, P.A.**

## Responding To Intensified Enforcement Efforts

The Biden administration’s efforts to make U.S. trade policy more worker-friendly have in practice meant an intensified focus on ensuring that existing trade laws and regulations are being adequately enforced. Importers are thus having to pay even closer attention to their compliance status at a time when they are already juggling costly tariff increases, unprecedented supply chain challenges, and a volatile global economy.

For decades, importers have been responsible for exercising reasonable care in their trade operations. This includes properly classifying goods under the Harmonized Tariff Schedule, determining an accurate dutiable value, and documenting eligibility for free trade agreements and other trade preferences. Establishing and marking a product’s country of origin, evaluating whether it is subject to antidumping or countervailing duties, and ensuring that its supply chain is free of forced labor are also important measures. Further, importers are tasked with keeping and maintaining good records of all these activities.

For many importers, these traditional trade compliance issues may have taken somewhat of a backseat in recent years amid the operational adjustments required to respond to the announcement and implementation of new tariffs and trade restrictions. However, a number of the measures U.S. Customs and Border Protection uses to gauge its trade enforcement efforts have accelerated over the past year, highlighting the continuing need for importers to develop, implement, and monitor effective compliance programs.

A focus on compliance doesn’t just help companies avoid problems; there are a number of valuable benefits as well. It can result in faster import clearance and fewer delays, yield higher duty savings and more predictable costs, mitigate potential penalties, and act as a

defense to retroactive duty assessments on liquidated entries.

CBP has said consulting with a customs expert is part of its checklist for compliance with the reasonable care standard.

**Source: Sandler, Travis & Rosenberg, P.A.**

## Coalition To Close De Minimis Loophole

House Ways and Means Trade Subcommittee ranking member Earl Blumenauer, D-Ore., helped announced March 6 the launch of the Coalition to Close the De Minimis Loophole, saying the de minimis provision is “not just a threat to American businesses and consumers” but also “is increasingly contributing to the fentanyl crisis ravaging our communities.” In June 2023 Blumenauer introduced legislation that would bar imports from China and certain other countries from using the de minimis provision and require U.S. Customs and Border Protection to collect more information on de minimis shipments.

However, in a letter sent the same day, a group of trade organizations warned senior administration officials that there has been “significant misinformation” about the impact of the de minimis provision on imports made with forced labor, supply chain strains, border enforcement, and fentanyl shipments. The letter instead called this provision “an essential component of America’s economic health and supply chain efficiency.”

**Source: Sandler, Travis & Rosenberg, P.A.**

## The Americas Act

The Americas Act (S. 3878, introduced March 6 by Senators Cassidy, R-La., and Bennet, D-Colo.; and H.R. 7571, introduced March 6 by Representatives Salazar, R-Fla., and Espaillat, D-N.Y.) would establish a trade and investment partnership of countries in the Western Hemisphere. Among other things this bill would (1) provide up to \$70 billion in loans and grants to help companies re-shore and nearshore industry from China, (2) establish a pathway for countries in the region to join the U.S.-Mexico-Canada Agreement, (3) solidify regional textile and apparel supply chains, (4) tighten



enforcement of the Uyghur Forced Labor Prevention Act, and (5) help ensure trade compliance and protect against criminal activity in regional ports.

**Source: Sandler, Travis & Rosenberg, P.A.**

## Customs Business Fairness Act

The National Customs Brokers and Forwarders Association of America reports that the Customs Business Fairness Act (H.R. 1453) has become law as part of an appropriations bill (H.R. 4366) signed March 9 by President Biden. This bill allows full subrogation of claims for the payment of customs duties, which NCBFAA has said will protect customs brokers who have paid duties on behalf of importers that subsequently file for bankruptcy.

**Source: Sandler, Travis & Rosenberg, P.A.**

## Homeland Security Secretary Seeks Comprehensive Enforcement Plan On Textiles

Following a January 30 virtual meeting with the National Council of Textile Organizations, the Department of Homeland Security announced that Homeland Security Secretary Alejandro Mayorkas has directed U.S. Customs and Border Protection and Homeland Security Investigations to “provide him with a comprehensive enforcement action plan in 30 days, including a determination whether current trade law provides adequate authorities to solve the core issues.”

NCTO members argued at the meeting that unscrupulous individuals and entities have created an unfair market by circumventing the operation of U.S. free trade agreements, violating the Uyghur Forced Labor Prevention Act, and exploiting the de minimis provision in U.S. law that allows for the informal entry of shipments valued at less than \$800. These concerns were also voiced in a recent letter to Mayorkas by House Select Committee on the Strategic Competition Between the United States and the Chinese Communist Party Chair Mike Gallagher and Ranking Member Raja Krishnamoorthi.

In response, CBP, HSI, and other relevant DHS agencies and offices will increase and expedite

their work in prosecuting illegal customs practices that harm the U.S. textile industry, according to the DHS readout of the meeting. Efforts are already underway by CBP to increase enforcement, including by using traditional methods like physical inspections, testing and analysis by CBP laboratories, textile production verification visits, and audits. According to the readout, CBP is also increasing its capability and capacity for isotopic testing of imported goods suspected of forced labor violations.

Moreover, as chair of the Forced Labor Enforcement Task Force DHS continues to work in collaboration with other agencies and the private sector to expand the UFLPA Entity List. Mayorkas asserted that DHS “will use all the tools at its disposal, including identifying suspicious transshipment practices, publicly identifying bad actors, isotopic testing, random parcel inspections, and other law enforcement efforts, in order to protect the integrity of our markets, hold perpetrators accountable, and safeguard the American textile industry.”

**Source: Sandler, Travis & Rosenberg, P.A.**

## EU Trade Talks

The next meeting of the U.S.-EU Trade and Technology Council, and likely the last one before both sides hold elections later this year, will be held April 4-5 in Belgium. No details have yet been given on topics to be discussed at the meeting, but the previous talks in January focused on diversifying economies, building resilient supply chains, coordinating export controls, and combating economic coercion.

**Source: Sandler, Travis & Rosenberg, P.A.**



**H A W A I I**  
**FOREIGN-TRADE ZONE**  
NO. 9

521 ALA MOANA BLVD, STE 101 • HONOLULU, HI 96813

Tel. 808-586-2507 • [administrator@ftz9.org](mailto:administrator@ftz9.org)

[www.ftz9.org](http://www.ftz9.org) • [www.facebook.com/HawaiiFTZ](https://www.facebook.com/HawaiiFTZ)

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