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## Trump Targets Turkey Tariffs on Twitter

Continuing his administration's pressure on Turkey, President Trump Aug. 10 upped the ante on steel and aluminum tariffs levied against the country, just days after other agencies imposed economic sanctions and announced review of Turkey's eligibility for U.S. preference programs.

"I have just authorized a doubling of Tariffs on Steel and Aluminum with respect to Turkey as their currency, the Turkish Lira, slides rapidly downward against our very strong Dollar! Aluminum will now be 20% and Steel 50%. Our relations with Turkey are not good at this time!" Trump tweeted. As of press time, neither Commerce nor Treasury had released official statements on the matter.

"Repeated efforts to communicate to the U.S. administration that none of the stated criteria driving America's tariffs are applicable to Turkey have thus far proven fruitless," Turkey's Trade Minister Ruhsar Pekcan said in a statement. "Nevertheless, we implore President Trump to return to the negotiating table this can and should be resolved through dialogue and cooperation."

Treasury placed global Magnitsky sanctions on Turkish officials Aug. 1 over the continued imprisonment of American pastor Andrew Brunson. The country also is under review for eligibility for the Generalized System of Preferences (GSP) program "based on concerns related to its compliance with the GSP market access criterion," the U.S. Trade Representative's (USTR) office said Aug. 3 (see **WTTL**, Aug. 6, page 7).

## U.S. Reimposes Iran Sanctions, EU Will Continue Business

As promised, the U.S. took action Aug. 6 to "snap back" nuclear-related sanctions against Iran that were lifted under the Joint Comprehensive Plan of Action (JCPOA), the White House announced in conjunction with the signing of an executive order. Its partners in the

European Union (EU), however, put in place measures to let companies continue doing business with Tehran. Sanctions targeting Iran's auto sector, trade in gold and precious metals, and the Iranian rial went into effect Aug. 7. Remaining nuclear-related sanctions on Iran's energy sector and transactions by foreign financial institutions with the Central Bank of Iran will resume Nov. 5 (see **WTTL**, July 2, page 5).

Iranian Foreign Minister Javad Zarif, who has fought to keep the JCPOA intact, tweeted in response: "Trump Administration wants the world to believe it's concerned about the Iranian people. Yet the very first sanctions it reimposed have canceled licenses for sales of 200+ passenger jets under absurd pretexts, endangering ordinary Iranians. U.S. hypocrisy knows no bounds." American airplane manufacturer Boeing lost billions in a canceled deal with Iran Aseman Airlines (see **WTTL**, May 14, page 1).

In a joint statement, EU High Representative Federica Mogherini and foreign ministers from France, Germany and the United Kingdom made clear that they intend to protect their companies against U.S. secondary sanctions. "We are determined to protect European economic operators engaged in legitimate business with Iran, in accordance with EU law and with UN Security Council resolution 2231," the ministers wrote.

The EU's updated Blocking Statute entered into force Aug. 7 "to protect EU companies doing legitimate business with Iran from the impact of U.S. extraterritorial sanctions," they added. "The remaining parties to the JCPOA have committed to work on, inter alia, the preservation and maintenance of effective financial channels with Iran, and the continuation of Iran's export of oil and gas," the statement noted. "These efforts will be intensified and reviewed at Ministerial level in the coming weeks," it added.

In a briefing with reporters, a senior U.S. administration official responded. "With respect to the EU blocking the statute, really what you need to look at is ... the messages that companies and financial institutions are sending, ...for the fact that it's very difficult and complicated to know who you're doing business with in Iran," the official said.

"Are you doing business with the IRGC, the Qods Force? As has been exposed in our actions in the last 90 days, we've taken a couple of actions which expose the Central Bank of Iran's complicity in helping to fund terror. Companies and banks, including central banks, understand that very well. They are taking note and as [senior administration official] mentioned, they are getting out," the official added.

## **U.S., China Again Raise Stakes in Tariff Face-Off**

In what would remind observers of an old Cold War-era cartoon, the U.S. and China continued adding firepower in their tariff battle. In the latest salvo, the U.S. will place a 25% additional tariff on \$16 billion worth of imports from China, USTR announced Aug. 7. The list of 279 tariff lines is the second tranche of tariffs under the Section 301 investigation. The first tranche targeted \$34 billion of imports from China and went into effect in

July (see **WTTL**, Aug. 6, page 1). Customs and Border Protection will begin collecting additional duties Aug. 23 on a published list of goods that includes electronic integrated circuits, amplifiers, diesel-electric locomotives and polypropylene in primary forms. The list was reduced from 284 tariff lines proposed June 15 following a public comment period and hearing testimony. On the list of dropped products are machine tools, transport containers and floating docks.

The day after USTR's announcement, China said it also would place a 25% tariff on \$16 billion worth of U.S. goods, including automobiles, scrap metal, styrene and other chemicals, beginning Aug. 23.

### **Administration Sanctions Russia for Use of Novichok Poison**

In response to an attack on two Russians in the United Kingdom (UK), the administration will impose further sanctions on Russia, including a presumption of denial on export licenses under Commerce jurisdiction, under the Chemical and Biological Weapons Control and Warfare Elimination Act of 1991, State announced Aug. 6

The sanctions will come into effect on or about Aug. 22, following a 15-day congressional notification period. Specifically, the U.S. holds Russia responsible for using the "Novichok" nerve agent in an attempt to assassinate UK citizen and former spy Sergei Skripal and his daughter Yulia.

The most significant sanction is "the imposition of a presumption of denial for all national security sensitive goods or technologies that are controlled by the Department of Commerce pursuant to the Export Administration Regulations. These goods are currently subject to a license – a case-by-case license determination, but we are – henceforth, when these sanctions go into effect, we will be presumptively denying such applications," a senior State official told reporters.

The administration is making several carve-outs, according to the official. For example, there will be a waiver for foreign assistance to the Russian people, space flight activities, and safety of commercial passenger aviation. Sanctions will apply to Russian state-owned or state-funded enterprises, which could impact "something on the order of 70% of their economy and maybe 40% of their workforce," estimated another State official.

### **Bilateral NAFTA Talks Continue**

Despite rumors of the negotiation window closing, bilateral talks between the U.S. and Mexico will continue into the week of Aug. 13, Mexican Economy Minister Ildefonso Guajardo said as he left the U.S. Trade Representative's (USTR) office after a 90-minute meeting Aug. 10.

The two countries have been working to resolve issues surrounding autos, particularly wages for auto workers in Mexico and what percentage of auto components need to be

manufactured in North America to qualify for duty-free treatment. “That concludes this week’s talks at [USTR] for the renegotiation of #NAFTA in Washington, D.C. The Secretaries [Foreign Minister Luis Videgaray] and [Guajardo] indicated that the work and teams will meet next week,” Mexico’s Economy Ministry tweeted. The delegations had met the previous week (see **WTTL**, Aug. 6, page 3).

Canada was expected to join in, but did not, though there is a chance that officials will in the next week, provided Mexico and the U.S. work out their issues. In a television interview Aug. 9, Canada’s Ambassador to the U.S. David MacNaughton said, “If they can resolve their differences on [autos], then I think we can move ahead and have the three of us talk about the other issues that affect all of us.” Canada opposes the U.S. proposed five-year sunset clause and the U.S. position on investor-state dispute settlement.

\* \* \* **Briefs** \* \* \*

**WHEELS:** Dexstar Wheel Division of Americana Development, Inc. filed countervailing and antidumping duty petitions Aug. 8 with ITA and ITC against certain steel wheels 12-16.5 inches in diameter from China. Accuride Corporation and Maxion Wheels Akron, LLC previously filed countervailing and antidumping duty petitions in March against steel wheels from China (see **WTTL**, April 2, page 6). Alleged average dumping margins are 29.27 - 49.89%.

**STEEL RACKS:** In 4-0 preliminary vote Aug. 3, ITC found U.S. industry may be injured by allegedly dumped and subsidized imports of steel racks from China. Commissioner Meredith Broadbent did not participate in these investigations.

**PIPE FITTINGS:** In 5-0 final votes Aug. 3, ITC found U.S. industry is not materially injured by dumped and subsidized imports of drain bodies from China. At same time, commission found U.S. industry is materially injured by dumped and subsidized imports of all other cast iron soil pipe fittings from China. ITC also made negative finding of critical circumstances on imports of cast iron soil pipe fittings other than drain bodies.

**CANDLES:** CAFC Aug. 6 affirmed CIT ruling that light-emitting diode (LED) candles were properly classified as certain lamps ... not elsewhere specified or included, rather than electrical machines and apparatus” including electric luminescent lamps. “Rather than using the phrase ‘class or kind’ to invoke a legal doctrine, the Trade Court used the phrase for its ordinary meaning to make the point that Gerson’s candles are the type of articles classified under heading 9405 rather than heading 8543. The court’s analysis was proper,” Circuit Judge Kathleen O’Malley wrote for three-judge panel in *Gerson Company v. U.S.*

**TEXTILES:** Nine years running, Earned Import Allowance Program (EIAP) “has not significantly boosted exports of woven cotton bottoms ... from the Dominican Republic” to U.S., ITC noted in report released Aug. 3 (Pub. 4809). “Since the program began, U.S. imports of woven cotton bottoms from Asian firms have significantly increased, suggesting that U.S. apparel brands that had sourced from the Dominican Republic relocated production of these goods to Asian suppliers,” report said.

**EXPORT ENFORCEMENT:** Steven J. Anichowski of San Diego was indicted Aug. 6 in Albuquerque, N.M., U.S. District Court on charges of exporting firearm components, defense articles and military items to Japan, Taiwan and Hong Kong without State licenses from January

2014 through August 2016. Items included parts for AR-15 semi-automatic assault rifles, night-vision adapters and goggle equipment, thermal imaging systems and rifle scopes, which were classified on U.S. Munitions List. Anichowski was also charged with making false statements on Customs forms by identifying firearms parts as toy parts.

CHICKEN: Morocco agreed to allow commercial imports of U.S. poultry meat and products for first time, USTR and USDA announced Aug. 7. Exports must meet U.S. and Morocco labeling requirements, such as halal slaughter certification. “Opening new markets for American poultry and other agricultural products is a top priority. I am convinced that when the Moroccan people get a taste of U.S. poultry, they’re going to want more of it,” Agriculture Secretary Sonny Perdue said in statement.

AIRBUS: European Union (EU) in document dated July 31 and circulated Aug. 3, requested establishment of panel with “respect to a ‘disagreement’, under Article 21.5 of the DSU, ‘as to the existence or consistency with a covered agreement of measures taken to comply with the recommendations and rulings’ of the Dispute Settlement Body (DSB) in case over large civil aircraft. U.S. believes EU has not fully complied with DSB ruling regarding EU subsidies to Airbus. Consultations in May failed to result in resolution (see **WTTL**, June 11, page 6).

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