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White House Calls for Work Plan on Drones, Arms Export Policies

The White House April 19 proposed new Conventional Arms Transfer (CAT) and Unmanned Aerial Systems (UAS) export policies to streamline direct sales. In a memorandum, the president specifically called for a work plan within 60 days to “align our [UAS] export policy more closely with our national and economic security interests.”

In a State briefing, White House advisor Peter Navarro called President Obama’s 2014 CAT policy “myopic,” and the new plan “will ensure that American interests are put first in our own decision making” (see **WTTL**, Jan. 20, 2014, page 1). The new UAS export policy “will level the playing field,” he added.

Tina S. Kaidanow, principal deputy assistant secretary of State for political-military affairs, told reporters that the plan could allow companies “to directly make sales to the countries rather than via the U.S. Government. That’s a major change.” The new policy will also “eliminate the special scrutiny of laser designators on UAS,” she added.

During a press conference with Japanese Prime Minister Abe the day before, the president previewed the move: When allies “order military equipment from us, we will get it taken care of and they will get their equipment rapidly. It would be, in some cases, years before orders would take place because of bureaucracy with Department of Defense, State Department. We are short-circuiting that. It’s now going to be a matter of days.”

Human rights groups responded quickly: “The administration’s push is focused on faster transfers, with more care for jobs than for proper restraint and promotion of human rights. U.S. arms are not like any other commodity and should not be treated as such,” Jeff Abramson, senior fellow, Arms Control Association, wrote in a blog post.

ZTE Fights Back Against BIS Denial Order

Three days after the Bureau of Industry and Security (BIS) removed the suspension of the export denial order against Chinese telecom firms ZTE and its subsidiary ZTE Kangxun,

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the company responded with fighting words. The BIS announcement led to a halt in trading company shares and an almost total embargo against the firm. Calling the decision “extremely unfair,” the company said in a statement April 19: “Refusal orders will not only seriously endanger the survival of ZTE, but also hurt the interests of all ZTE’s partners including a large number of U.S. companies.” [Translated by Google]

“ZTE will not give up its efforts to solve problems through communication and dialogue, and it is determined to safeguard its legitimate rights and interests through all legally permitted means, and safeguard the legitimate rights and interests of all its employees and shareholders, and fulfill its obligations to global customers, consumers, partners and suppliers,” it added.

BIS announced the decision to reverse the suspension early Monday morning April 16. “The company’s admission, in response to inquiries from BIS, that it made false statements to the U.S. Government during the probationary period under the Settlement Agreement and March 23, 2017 Order indicate that ZTE still cannot be relied upon to make truthful statements, even in the course of dealings with U.S. law enforcement agencies, and even with the prospect of the imposition of a \$300 million penalty and/or a seven-year denial order,” BIS said.

“The provision of false statements to the U.S. Government, despite repeated protestations from the company that it has engaged in a sustained effort to turn the page on past misdeeds, is indicative of a company incapable of being, or unwilling to be, a reliable and trustworthy recipient of U.S.-origin goods, software, and technology,” the agency added

In March 2017, ZTE agreed to a combined civil and criminal penalty and forfeiture of \$1.19 billion after illegally shipping telecommunications equipment to Iran and North Korea, making false statements, and obstructing justice including through preventing disclosure to and affirmatively misleading the U.S. Government.

In March 2016, BIS added the company and three subsidiaries to the Entity List then temporarily suspended the listing. A year later, the agency formally removed ZTE and ZTE Kangxun from its Entity List following their guilty plea in Dallas U.S. District court and added former CEO Shi Lirong (see **WTTL**, April 3, 2017, page 9). The agency left Beijing 8 Star and ZTE Parsian (ZTE’s subsidiary in Iran) on the list.

Shi Lirong signed and approved the document that “described how ZTE planned and organized a scheme to establish, control and use a series of ‘detached’ (i.e., shell) companies to illicitly reexport controlled items to Iran in violation of U.S. export control laws,” the Federal Register notice said.

“ZTE made false statements to the U.S. Government when they were originally caught and put on the Entity List, made false statements during the reprieve it was given, and made false statements again during its probation,” said Commerce Secretary Wilbur Ross in announcing the move.

Law firms and consultants were quick to offer advice to U.S. companies who do business with ZTE. Those companies “should consider implementing a comprehensive compliance response plan,” Sandler Travis & Rosenberg said in an advisory April 16. “Among other things, this plan should identify and prohibit any potential export activity with ZTE, including shipments (either direct or through third parties), release of technical data or software, and access to support sites, and address how to effectively communicate within and outside the company on ZTE business and related questions,” the law firm noted.

NAFTA Negotiators Hoping for Deal Before Mexican Election

Canadian Foreign Affairs Minister Chrystia Freeland and Mexican Economy Secretary Ildefonso Guajardo traveled to Washington April 19 to continue NAFTA talks with U.S. Trade Representative (USTR) Robert Lighthizer. The ministers departed April 20, but left their negotiating teams to work through the weekend, and as of press time, Freeland and Guajardo planned to resume talks on April 24.

“We have had some very energetic and productive conversations today,” Freeland told reporters April 20. “We continue to work very hard on rules of origin, really the heart of this agreement.” The “perpetual negotiating round” has entered a “more intense period of the negotiations,” Freeland said, failing to confirm the rumor that all three parties want to have an agreement concluded by May 4. All three parties want a deal before Mexico’s presidential election July 1.

But will a potential deal sidestep Congress altogether? At a trade event in Washington April 18, former government trade officials addressed a rumor that USTR might try to structure NAFTA in such a way that congressional approval won’t be necessary. Viji Rangaswami, former chief trade counsel for House Ways and Means Committee, said that Congress abdicated much of its powers to the executive branch in the 1994 NAFTA implementation law.

The president can change much of the agreement, Rangaswami said, including auto rules of origin, labor and the environment. “If I were Lighthizer, I would negotiate an agreement that didn’t have to go back through Congress,” she added. The president does not have the power to alter Chapter 19, the dispute-settlement chapter.

The panelists agreed Lighthizer could be contemplating this approach. He recently renegotiated parts of the U.S.-Korea Free Trade Agreement (KORUS) without having to go through Congress (see **WTTL**, April 2, page 1). That doesn’t mean Congress wouldn’t put up a fight, but they could risk being backed into a corner. It’s within the president’s rights to trigger a withdrawal from NAFTA. The threat of a withdrawal could be enough to force Republicans and some Democrats to vote for a flawed deal that may not satisfactorily address investor-state dispute settlement.

At least one panelist at the event hoped Congress would grow a stiff backbone. Brian Pomper, former chief international trade counsel for the Senate Finance Committee, said

Congress should pass a law to reject withdrawal. “I don’t think Congress should allow itself to be blackmailed in this way,” he said.

U.S., Japan Agree on Trade Talks with No Timeline, Concrete Goals

President Trump and Japanese Prime Minister Shinzo Abe agreed to start talks on “free, fair and reciprocal trade deals” during Abe’s visit to Mar-a-Lago April 17-18. The leaders gave no timeline for the start of the talks - to be led by U.S. Trade Representative (USTR) Robert Lighthizer and Japanese Economy Minister Toshihiko Motegi - nor provided specific goals, beyond Trump’s desire to decrease the U.S. trade deficit.

Japan is the only major U.S. ally so far not exempted from Section 232 tariffs on steel and aluminum (see related story, page 7). At a joint press conference, Trump did not give a direct response as to whether Japan will be exempted; presumably that discussion will take place during the yet-to-be-scheduled bilateral talks.

Abe stated that Japanese steel and aluminum “would not exert any negative influence on the U.S. security” and his government will “continue to respond to this matter going forward.” On the topic of the Trans-Pacific Partnership (TPP) -- now the Comprehensive and Progressive Agreement for TPP -- Abe made clear his position that “TPP is the best for both of the countries, and based on that position, we shall be dealing with the talks.”

Trump reiterated that he likes bilateral deals, “so unless they offer us a deal that we cannot refuse, I would not go back into TPP. We’ll see what happens, but in the meantime, we’re negotiating.” The president sparked high hopes earlier in April when lawmakers falsely reported that he was interesting in rejoining the multilateral trade deal (see **WTTL**, April 16, page 1).

The two countries previously announced economic dialogue in February 2017 that was led by Vice President Mike Pence and Japanese Finance Minister Taro Aso. The dialogue produced minor results after meeting twice, the last time in October 2017. Each country waived some agricultural restrictions, and Japan agreed to streamline noise and emissions testing for certified U.S. auto exports (see **WTTL**, Oct. 23, page 4).

House Committee Advances Permanent Export Control Bill

The House Foreign Affairs Committee in a voice vote April 17 advanced legislation (H.R. 5040) to provide Commerce with permanent statutory authority to regulate the export of dual-use items. While the vote reflects a remarkable amount of bipartisan consensus and the current regulatory status quo, there currently is no companion bill in the Senate.

Specifically, the committee advanced a substitute amendment of the bill that fixed some drafting errors, primarily in the definitions of “U.S. person,” “item” and “export.” The bill also sets out the standards for identifying emerging critical technologies, both those that

directly impact U.S. national security and those that other countries covet, but that might not rise to the national security standard.

Committee Chairman Ed Royce (R-Calif.) and Ranking Member Eliot Engel (D-N.Y.) introduced the bill in February and held a hearing in March (see **WTTL**, March 19, page 1). At the same time, legislation is moving through Congress to update and expand the jurisdiction of the Committee on Foreign Investment in the U.S. (CFIUS) (H.R.4311/S. 2098). Trade observers say the export control bill could become part of the CFIUS bill, when that gets to mark-up and an eventual conference.

“Crucially, this bill closes gaps in our export controls that could permit transfers of cutting-edge technologies, like artificial intelligence and advanced semiconductors, to potential adversaries like China. It also ensures that transfers of sensitive manufacturing know-how are subject to more rigorous export controls,” Royce said in a statement.

China Slaps Tariffs on U.S. Sorghum

China’s Ministry of Commerce (MOFCOM) April 17 imposed tariffs of 178.6% on U.S. exports of sorghum, a cereal crop that typically is used for feed, brewing or energy processing. Per its preliminary ruling, China’s “investigating authorities initially determined that there was dumping of imported sorghum originating in the United States, and that China’s domestic sorghum industry was substantially damaged, and there was a causal relationship between dumping and substantial damage,” according to a translation.

This latest round of tariffs from China has exacerbated the economic fears of U.S. agricultural communities. Sorghum was already in the crosshairs following China’s announcement of up to 25% tariffs on 128 U.S. products (see **WTTL**, April 9, page 2). The National Sorghum Producers (NSP) expressed disappointment with MOFCOM’s findings and asserted that U.S. sorghum is not being dumped in China.

“We continue to greatly value our Chinese customers and what has been a win-win business relationship between U.S. sorghum producers and our Chinese partners. Today’s decision in China reflects a broader trade fight in which U.S. sorghum farmers are the victim, not the cause. And U.S. sorghum farmers should not be paying the price for this larger fight,” read the NSP statement.

“Understanding the serious impact this preliminary decision will have on our farmers, NSP and our partners will continue to demonstrate U.S. sorghum farmers are not injuring China. We are evaluating all legal options moving forward,” it concluded.

Industry Highlights Gaps, Burdens in Control Lists

In response to long-awaited parallel notices of inquiry (NOI) published by the Bureau of Industry and Security (BIS) and State’s Directorate of Defense Trade Controls (DDTC),

industry found more gaps, overcontrol and vague wording in the transfer of items from U.S. Munitions List (USML) categories V (explosives), X (protective personnel equipment) and XI (electronics) to Commerce's "600 series" (see **WTTL**, Feb. 12, page 1).

Of 56 comments received, BIS found only 13 to be "responsive" and worth publishing. DDTC on the other hand, posted all 16 comments received. At the agency's Regulations and Procedures Technical Advisory Committee (RAPTAC), Hillary Hess, director of BIS regulatory policy division, called the rest "spam or bot comments," which are "a nuisance," but a trend that seems to be government-wide. Almost all of the comments referred to Category XI and its companion listings on the Commerce Control List (CCL).

In its comments to BIS, semiconductor firm MACOM Technology Solutions highlighted a specific product originally classified as EAR99 but that has been caught on the USML after December 2014 changes to Category XI: MAMF-011015, an 8-11 GHz multifunction GaAs X-Band Core Chip designed for communication, radar, and weather applications. It suggested adding a power threshold to Category XI(c)(4) similar to Export Control Classification Number (ECCN) 3A001.b.12 that was implemented in August 2017 (see **WTTL**, Aug. 21, 2017, page 1).

Because of this change in control, its monthly transaction activity was, on average, 86% lower after the effective date than prior when the product was subject to the EAR, the company said. There have been no shipments to potential customers outside of the U.S. since the Category XI effective date, it added. "Our commercial customers perceived the ITAR-controlled status of this device as a deal breaker. They universally communicated to us that they did not want a potentially ITAR-controlled component in their commercial systems, and this applied to both domestic and foreign customers," MACOM added.

Geometrics wrote to DDTC that the wording in Category XI(a)(9) covering electronic sensor systems is "vague and potentially quite broad and has caused confusion over whether it encompasses sensor systems commonly used in geophysics. Magnetometer and electro-magnetic induction equipment commonly used in geophysics are also sensitive to submarines and other military objectives. It is not the sensor but the use made of it that would distinguish a military system from a geophysical system," the company wrote.

One anonymous comments suggested changing the language in ECCN 3A611.y.5 from "mica paper capacitors" to capacitors; other comments to BIS and State suggested adding certain parts and components to the 3A611.y list, including cable and cable assemblies, inductors, relays, headsets, rechargeable lithium Ion batteries, and connectors, backshells and contacts alone with a pinout.

Other anonymous comments suggested defining such terms in Category XI(a)(5) as Command, control, and communications (C3); command, control, communications, and computers (C4); command, control, communications, computers, intelligence, surveillance, and reconnaissance (C4ISR) , as well as "integrate, incorporate, network, or employ."

The Small UAV Coalition noted that USML Category XI(a)(3)(i) does not currently include any specific technical parameters regarding airborne radar systems it controls. The

Coalition proposed that the listing be amended to exclude airborne radar systems with a range no greater than 8 kilometers, angular resolution no less (better) than 2 degrees, and/or target refresh rate no greater (faster) than 1 Hz.

Telephonics proposed a different parameter to solve the same problem. It suggests this control wording: “Airborne radar that maintains positional state of an object or objects of interest, other than weather phenomena, in a received radar signal through time with an average power aperture product of greater than 50 Wm².”

Raytheon notes that Category XI(c)(4) “over-controls Monolithic Microwave Integrated Circuits (MMIC) that are low power (<5W), have narrow bandwidth, and are designed/built for commercial applications, such as weather radars or low power ATC [Air Traffic Control] radars. As a result, the USML is in conflict with the Wassenaar controls as incorporated into the CCL at 3A001. Note that the CCL now requires all of the criteria be met to control the MMIC.”

U.S. Agrees to Lots of WTO Consultations over Section 232 Tariffs

Deputy USTR Dennis Shea and his team are quite busy in Geneva with multiple countries requesting consultations at the World Trade Organization (WTO) in recent days over steel and aluminum tariffs, as well as duties on washers and solar cells.

Russia, India and the European Union (EU) separately requested consultations with the U.S. under the Safeguards Agreement. The U.S. informed both India and the EU that the tariffs “are not safeguard measures, and therefore, there is no basis to conduct consultations under the Agreement on Safeguards with respect to these measures,” per a U.S. communication dated April 18 and circulated April 19.

Despite that assertion, the U.S. said it was “open to discuss this or any other issue” with India and the EU, provided such discussions would not be under the Agreement on Safeguards “and would be without prejudice to our view that the Proclamations are not safeguard measures.” At press time, the U.S. had not responded to the Russian request.

EU Trade Commissioner Cecilia Malmstrom called the tariffs “pure protectionism.” She told reporters that the EU has “not offered the U.S. anything. We are not going to offer them anything to get exceptions from tariffs that we consider are not in compliance with the WTO.” Malmstrom added that the EU expects to be “permanently and unconditionally exempted” from the tariffs. Right now the EU is only temporarily exempted (see **WTTL**, April 2, page 3).

The U.S. agreed April 17 to enter consultations with China on steel and aluminum tariffs under the same terms proffered to the EU and India. The U.S. also informed the WTO the same day that it is willing to enter into consultations with China regarding proposed Section 301 tariffs. The U.S. maintains those tariffs have not been implemented and therefore China’s request for consultation has no basis under the WTO’s Dispute Settlement Understanding, but the U.S. is still willing to enter into the discussions.

Singapore and the U.S. notified the WTO's safeguards committee April 19 that the two countries intend to extend their consultations on the U.S. Section 201 safeguard duties on imported large residential washers and solar cells. In the event an understanding is not reached, the two parties agreed that Singapore will have the right to suspend the application of substantially equivalent concessions to U.S. trade from May 7, 2021.

Korea and the U.S. likewise told the WTO April 17 that their consultations on Section 201 safeguard duties have not resulted in an agreement, but they will continue their discussions. The same day, members of the Korea International Trade Association (KITA) visited Washington to promote the U.S.-Korea Free Trade Agreement (KORUS). Though details of the renegotiated deal have not been released, former Korean Commerce Minister and current KITA CEO Kim Young Ju told reporters, "We certainly hope that the specifics will follow the principles."

Kim urged President Trump to sign the agreement so the Korea National Assembly can move forward with its ratification process. It remains to be seen if the renewed KORUS will include permanent exemptions from steel and aluminum tariffs. Kim said USTR hasn't offered a clear answer as to the permanency of its current exemptions. "We would like some transparency," he concluded.

Commerce Flooded with 232 Exemption Requests

At the same time trading partners are seeking exemptions and consultations, U.S. businesses have flooded Commerce with requests for exemptions on products subject to the Section 232 steel and aluminum tariffs. At press time, 3,970 comments were submitted to Commerce via [regulations.gov](https://www.regulations.gov). Only a sliver of those comments were publicly posted.

Companies may be eligible for tariff exclusions if they can prove that the steel or aluminum they need cannot be made in the U.S. "in a sufficient and reasonably available amount or of a satisfactory quality and is also authorized to provide such relief based upon specific national security considerations," per Commerce (see *WTTL*, April 16, page 1).

The overwhelming number of comments did not escape the attention of Senate Finance Committee leadership. In a letter April 19, Committee Chairman Orrin Hatch (R-Utah) and Ranking Member Ron Wyden (D-Ore.) urged Commerce Secretary Wilbur Ross to improve the department's process for product exclusion. "We are concerned that, to date, the product exclusion process has lacked (i) basic due process and procedural fairness for stakeholders, especially American small businesses, and (ii) appropriate mechanisms to prevent the Section 232 tariffs and product exclusion process from being abused for anticompetitive [sic] purposes," they wrote.

The level of detail required for each exemption request "increases the burden on businesses that purchase or produce products with even minor variations," the lawmakers wrote. They also claimed that the process appears to prevent small businesses from

relying on trade associations to consolidate product information. Nor does the process adequately protect proprietary information, they claim. The delay in publishing requests “risk serious and permanent financial harm to many petitioners that, even in [Commerce’s] judgment, should not be subject to Section 232 tariffs.”

Meanwhile, U.S. companies dependent on steel and aluminum imports launched a new coalition April 18. Under the slogan “tariffs are taxes,” the Coalition of American Metal Manufacturers and Users is taking aim at the administration. “The Coalition is united in its efforts to address the same fundamental problem that we experienced in 2002,” said coalition spokesperson Paul Nathanson. “Tariffs help a small handful of steel producers while jeopardizing the viability of thousands of steel-using manufacturers.”

* * * **Briefs** * * *

NSC: BIS Under Secretary Mira Ricardel April 20 was named to NSC senior staff as deputy national security advisor. Prior to BIS, Ricardel, member of Trump defense transition team, served as special assistant to president and associate director for presidential personnel. From 2006 to 2015, Ricardel held senior leadership positions at Boeing Defense Space and Security, most recently VP of international business development, network & space systems. She also served in various roles at Defense in George W. Bush administration, notably as acting assistant secretary. Ploughshares President Joe Cirincione tweeted: “Expect lots more talk about how important missile defenses are to American national security. Contracts to follow.”

QUARTZ: Cambria Company LLC filed countervailing and antidumping duty petitions April 17 with ITA and ITC against quartz surface products from China.

STAPLES: In 4-0 final vote April 18, ITC found U.S. industry is materially injured by dumped imports of carton-closing staples from China. Commissioner Jason E. Kearns did not participate in this investigation.

WOVEN SACKS: In 5-0 preliminary vote April 20, ITC found U.S. industry may be injured by allegedly dumped and subsidized imports of laminated woven sacks from Vietnam.

FIREARMS: Proposed rules on transfers of items from U.S. Munitions List (USML) categories I-III (firearms and ammunition) April 11 moved out of review at Office of Management and Budget where rules had been pending since September. Gun industry is trying to be sure lack of secretary of State does not slow things down, one source told WTTL. Rules were written in 2012 but held back after the Sandy Hook shooting.

EX-IM: Sens Heidi Heitkamp (D-N.D.) and Sherrod Brown (D-Ohio) on Senate floor April 18 asked for unanimous consent for vote on four Ex-Im board nominees. “The lack of the Ex-Im Bank board quorum has left \$44 billion of exports on the table,” Heitkamp said. Sen. Pat Toomey (R-Pa.) objected: “What would the consequences of this be if this unanimous consent request were agreed to? The Ex-Im Bank would constitute a quorum, would resume doing multimillion- and multibillion-dollar deals, all which would put taxpayers at risk and there would be no prospect of any meaningful reform.” Toomey placed a hold on all four nominees over his displeasure that former Rep. Scott Garrett (R-N.J.) did not survive committee vote (see **WTTL**, Feb. 26, page 2).

BIS: Senate Banking Committee April 17 held hearing on nomination of Jeffrey Nadaner to be BIS assistant secretary for export enforcement. No date yet for committee vote on nomination. “If

confirmed by the Senate, I will steadfastly enforce U.S. export controls, sanctions, embargos, and anti-boycott laws, while strenuously advancing policies that safeguard American jobs, technologies, and industries that form our indispensable national industrial base,” he said.

CUBA: On appointment of new president Miguel Díaz-Canel April 19, bipartisan congressional Cuba Working Group responded quickly: “For years, efforts to improve relations between our two nations have been an Executive-led endeavor. While transitions take time, if Congress is serious about repairing American-Cuban ties and improving the well-being of the Cuban people, we must take action to reset relations and ensure the next 60 years are not filled with the same outdated, unproductive, and shortsighted rhetoric and policies of generations past.” State Spokesperson Heather Nauert in daily press briefing said administration was “disappointed” but not surprised that Cuba “opted to silence independent voices.” At the same time, “I’m not aware of any changes on our policy,” she said.

MORE CUBA: Transportation Department (DOT) April 20 awarded new U.S. carrier flights to Havana, after several U.S. carriers “chose to return their awards,” DOT noted. Routes will depart from Miami, Fort Lauderdale, Boston and Houston. DOT proposed flights March 30, and no objections were filed (see **WTTL**, April 16, page 4).

TRADE PEOPLE: Former USTR Michael Froman joined Mastercard as vice chairman and president of strategic growth, company announced April 16. In newly created role, Froman will “integrate and align the company’s global approach to doing business with governments, connected cities, financial inclusion and other new business opportunities under one organization” and oversee Mastercard’s Center for Inclusive Growth. ... Former USTR Chief Agriculture Negotiator Darci Vetter named general manager for public affairs and vice chair for agriculture, food and trade at Edelman public relations firm. At firm’s D.C. office, Vetter “will work to spearhead the firm’s push to strengthen its support to clients in the commodities, supply chain, agribusiness and global trade arenas,” according to press release.

STEEL: CIT Judge Jane Restani April 13 denied Steel Dynamics and Nucor Corporation’s separate amended motions to intervene in *Severstal GMBH vs. U.S.* (see **WTTL**, April 9, page 5). Restani wrote that “only additional information which movants claim to be able to provide in support of this interest concerns the proprietary details of movants’ steelmaking operations. Given the narrow range of review in this matter, the court does not find that additional information about movants’ steelmaking operations would materially aid in the resolution of questions of fact and law which are relevant to the disposition of this case.” Court added that Nucor’s participation in suit would be “duplicative” given that it is making same argument as government.

CURRENCY: Treasury in semiannual report April 13 again found no major trading partner met criteria for currency manipulation in 2017. At same time, department added India to “Monitoring List” of partners that “merit close attention to their currency practices,” joining China, Germany, Japan, Korea and Switzerland. Three days later, president tweeted: “Russia and China are playing the Currency Devaluation game as the U.S. keeps raising interest rates. Not acceptable!”

TRADE FORECAST: WTO expects trade growth to remain strong in 2018 and 2019, trade body reported April 12. In annual trade forecast, WTO reported that world merchandise volume is expected to grow 4.4% in 2018 accompanied by GDP growth of 3.2% at market exchange rates. Trade growth in 2018 is expected to land between 3.1-5.5% and should moderate to 4% in 2019. However, running counter to rosy outlook, report warned that “increased use of restrictive trade policy measures and the uncertainty they bring to businesses and consumers could produce cycles of retaliation that would weigh heavily on global trade and output.”