

Vol. 42, No. 31

August 1, 2022

Agriculture USTR Nomination Moves Forward

Doug McKalip's nomination to serve as Chief Agricultural Negotiator for the USTR cleared another hurdle last week at hearings before the Senate Finance Committee. The career USDA official met a generally warm reception from the Committee, though the Ranking Member made sure to state his disdain for Administration trade policy.

"The Administration is crystal clear that it prefers to not pursue real trade agreements, in favor of something it calls 'frameworks,' which lack crucial market access obligations" said Sen Mike Crapo (R-Idaho) "How do we make [rules] enforceable in the context if the IPEF?"

"We have a lot of flexibility to argue for the rules and arrangements you refer to," replied McKalip. "Even without three letters FTA, we can achieve the same effect," conceding "whether there are enforcement measures and what they will look like in IPEF has yet to be determined."

Graves Blames Hill for No FTAs, Trump for Allies' Distrust.

At the Center for Strategic and International Studies last week, Deputy Secretary of Commerce Don Graves [discussed](#) Commerce's international economic agenda: strategic economic alliances, export controls and CFIUS; and promoting the U.S. private sector as an international partner. In the Q&A with James Lewis, SVP and Director of the CSIS Strategic Technologies Program. He addressed complaints about the lack of formal trade agreements in the administration's first 18 months.

Q: You have the TTC, you've got the Quad, you've got other stuff going on now in the Indo Pacific. None of these are trade agreements, so do they really make any difference

"You're exactly right. None of these are traditional market access arrangements. Those are things that we can't do right now given the state of politics, particularly on the Hill. So what we are doing is building a new set of tools, a new set of mechanisms to allow us to build partnerships and alliances that will work to our mutual benefit.

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What we're doing is creating opportunities to buildup standards in a range of different ways - standards around climate and resiliency and sustainability, standards around labor practices and worker rights, high standards on the quality of products and projects. If we can get our partners and allies to agree on all these things, then it makes us makes our businesses is much more competitive around the world. If we don't do this, then our competitors will make the rules the international rules of the road. We just can't allow that to happen. We have to make sure that we're part of the game, that we're engaging in these conversations.”

Q. You're inheriting somewhat messy situation from the previous administration. What are the challenges that you face in getting them to cooperate?

“That's the biggest challenge. It's reengaging in ways where you're building the trust. There's a lot of trust that was lost. The US had always been seen as the partner of choice, even when we disagreed with our partners and allies over the years, we always found ways to come back together, we always found ways to work towards a common goal.

“What we've seen is that they didn't have that trust coming out of the last administration, that everyone that we talked to believed that the US was really only in it for themselves and didn't understand that the only way to succeed broadly is if you build those common approaches around shared values. Frankly we have been working very hard to rebuild those relationships. It's resulted in the US EU Trade and Technology Council it's resulted in the Indo Pacific Economic Framework. Unfortunately perhaps the thing that has catalyzed the greatest amount of partnership has been our response to Russia because we worked very closely with our partners and allies around the world from the start.

“Our partners now have that trust. They see that we understand that a multilateral approach isn't just about the US making opportunities for ourselves, it's about making sure that we're doing this recognizing that our friends and allies are going to be right there with us, and frankly that that we understand we can't make everything, we can't do everything in the US. It's physically impossible when you look at supply chains, so it's best to friendshore or nearshore those things that we can't do here.”

WTO Aid for Trade: Climate, Pharma, Fish

The WTO's Aid for Trade Global Review in Geneva opened last week with a focus on how Aid for Trade can help developing and least developed countries recover from multiple crises and build resilience to ensure long-term sustainable development. The WTO-led [Aid-for-Trade initiative](#) encourages developing country governments and donors to recognize the role that trade can play in development. In particular, the initiative seeks to mobilize resources to address the trade-related constraints identified by developing and least-developed countries.

The [joint Aid for Trade at a Glance 2022 report](#) issued by the WTO and the Organisation for Economic Cooperation and Development notes that Aid for Trade commitments increased by 18 per cent in 2020, reaching an all-time high of USD 64.6 billion. A total of USD 556 billion in Aid for Trade was disbursed between 2006 and 2020.

The report shows that **51 per cent of the Aid for Trade commitments made in 2020, worth about USD 33 billion, include climate related objectives.** “Environmental issues increasingly feature in the development and trade strategies of developing and least developed countries,” the Director-General noted.

Aid for Trade disbursements for digital connectivity and e-commerce have increased by 23 per cent since 2018 but, at USD 487 million, still accounted for a modest 1 per cent of expenditure in 2020. “There's so much scope in this promising area to do so much more,” Director General Ngozi Okonjo-Iweala told participants at the opening plenary.

In her remarks to the opening session, International Trade Centre Executive Director Pamela Coke-Hamilton underlined the importance of ensuring that Aid for Trade delivers results. “Aid for Trade is about making trade happen,” she said. “At the end of the day, it's about people, and if it doesn't translate into helping people, then everything we're doing comes to naught.”

Hani Salem Sonbol, Chief Executive Officer of the International Islamic Trade Finance Corporation, said his organization is focusing its support on those countries most affected by the ongoing crises. “We can see the reoccurrence of crisis now is becoming more frequent,” he noted. “Any crisis that hits the world is definitely going to change the way we do business and to change trade.”

Among the nearly 50 sessions, a high-level roundtable of Top officials of six global organizations called for greater coordination in the **fight against illicit trade in medical products**. Assistant Director-General of the World Health Organization Mariângela Simão emphasized that the rise of e-commerce has turned illicit trade in medical products in particular into a “global problem” that demands more attention from the international community.

Secretary-General of the World Customs Organisation Kunio Mikuriya noted that “customs are playing a role of facilitating legitimate trade but we are also the first line of defence in the fight against illicit trade which is posing safety and security risks”. He highlighted the importance of access to data, information sharing and coordination of capacity building activities to assist customs officials around the world in combatting illicit trade.

WTO Deputy Director-General Anabel González, who moderated the event, underscored this point: “The nefarious forces that drive illicit trade in medical products are difficult to uncover, and even more difficult to counter. But despite the secrecy that cloaks illicit activities, one thing is certain: the battle against illicit trade is not one in which a single country will emerge a winner, nor one that a single international organization or any other actor can fight alone”.

roundtable also saw the launch of a WTO [publication](#) entitled “Tackling Illicit Trade in Medical Products”

Financial assistance must be expanded to help developing and least-developed country (LDC) members establish **sustainable fisheries** in light of an historic WTO agreement to curb harmful fishing subsidies, DG Okonjo-Iweala said on 27 July, announcing a new [report](#) on implementing the new agreement on fishing subsidies.

Jürgen Zattler, Director-General of the German Federal Ministry for Economic Cooperation and Development, said that given fiscal stress many countries are facing, governments would do well to

reduce harmful subsidies and create fiscal space to enhance sustainability. Germany is identified in the report as among the important donors to the marine fisheries sector in developing countries.

*** Briefs ***

CUSTOMS – CTPAT Compliance Handbook The Customs Trade Partnership Against Terrorism (CTPAT) has released a Trade Compliance [Handbook](#) for interpreting CTPAT’s modernized Trade Compliance program. The new CTPAT Trade Compliance program is an evolution of the former Importer Self-Assessment (ISA) program. In exchange for compliance with regulatory trade requirements imposed by CBP and other government entities, the CTPAT Trade Compliance program offers a combination of legacy CTPAT and ISA benefits, as well as benefits developed in collaboration with partners of the CTPAT Trusted Trader Pilot and the Trusted Trader Working Group.

EXIM - SME Funding lags prior year. Through June, EXIM has authorized \$1.05 billion in small business transactions, nearly one quarter of the agency’s total authorizations. For FY 2021, small business authorizations totaled more than \$1.6 billion, representing 28.2 percent of total authorizations. The government’s fiscal year ends September 30.

EXIM and the government of Guyana signed a Memorandum of Understanding to explore options for utilizing EXIM financing, which include direct loans, loan guarantees, and insurance products, to finance the sale of U.S. exports to Guyana for government projects totaling up to **\$2 billion**. Sectors in which projects may be identified, including but not limited to infrastructure; energy telecommunications; water treatment and and agriculture.

ITC Fertilizer vote coverage highlighted the [removal](#) of provisional tariffs last week on Urea Ammonium Nitrate from Russia and Trinidad and Tobago. The National Corn Growers Association, The American Soybean Association and the National Cotton Council continue to lobby for suspension of the duties on **Phosphorous**. Tampa, Florida based Mosaic Corporation, the protected entity, reported its Q1 profit per ton on Phosphorus was nearly four times that of a year ago.

JAPAN – Commerce Secretary Gina Raimondo and **Minister of Economy, Trade and Industry of Japan** Koichi Hagiuda met following the inaugural [Economic Policy Consultative Committee](#) (EPCC, or Economic “2+2”) to discuss next steps to make progress on shared goals established through the 2+2 and other bilateral initiatives such as the [Japan-U.S. Commercial and Industrial Partnership](#)

OFAC – More Russian Influence. Treasury’s Office of Foreign Assets Control (OFAC) and Justice, [sanctioned](#) two individuals and four entities that support the Kremlin’s global malign influence operations and election interference activities. Unnamed US political organizations in Florida, Georgia and California are alleged to have been compromised by agents of the Russian State Security Organization (FSB).

STATE - Investment Climate Statements for 2022 have been [released](#), describing investment climates of more than 160 countries and economies that are current or potential markets for U.S. companies. The reports cover topics including Openness to Investment, Legal and Regulatory Systems, Protection of Real

and Intellectual Property Rights, Financial Sector, State-Owned Enterprises, Responsible Business Conduct, Corruption, and Labor Policies and Practices.

BRUSSELS will accelerate efforts to strike new trade deals with "like-minded partners" as the bloc tries to reduce its dependence on Russian energy and natural resources, the EU's trade chief said in an [interview](#) with the Financial Times. "We will act multilaterally wherever we can but we can act unilaterally if we must" Valdis Dombrovskis told the FT.

BURMA – Further Sanctions. Spokesperson Ned Price told a press briefing that the US is considering further sanctions against Burma/Myanmar. "We of course don't preview our own sanctions, but all options that serve to cut off the regime's revenue, which it uses to perpetrate this violence – it's on the table."

CHINA - Genetically Modified Plants Safety Assessment USDA FAS China Staff [notes](#) the window for public comments opened July 22 and closed July 29. The Guideline provides technical guidance on the safety assessment requirements for genetically engineered (GE) plants for production application (cultivation) and import for processing materials.

CANADA Prepackaged Food Products. A symbol will be required to appear on the label when the amount of saturated fat, sugars and/or sodium is equal to or greater than 15 percent of the applicable daily value. Health Canada published [guidance](#) for exporters.

RUSSIA - Neon and Inert Gases. Dezan Shira & Associates [notes](#) the destruction of the Ukraine noble gas industry has been accompanied by an aggressive expansion in Russian refining capacity, affording the Kremlin leverage in another critical link in global supply chains. Neon is required to make semiconductors.

*** Calendar ***

Briefing on the Aerospace & Defense Trade Mission to Indonesia Tuesday, Aug 9 9:00 PM - 10:30 PM (UTC-04:00) Eastern Time. Webinar will overview the numerous aerospace defense opportunities for U.S. businesses in Indonesia and will feature officials from Indonesian Ministry of Defense, Honeywell Indonesia, U.S. Embassy - Indonesia Opportunities for U.S. defense manufacturers to sell a range of military aircraft, unmanned aircraft systems (UAS) and counter-UAS equipment, vehicles, communications systems, spare parts, and maintenance services. Monitoring and protection of sea-borne traffic for both national security and fisheries enforcement presents new opportunities, as well. Register: [Click here](#)

Caribbean Trade Mission and Business Conference, taking place October 23-28 in Miami, which will showcase U.S. private sector solutions and technologies to 14 markets in the Caribbean, including Guyana. (See Exim above) [Information](#).

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This is your journal. Please take a moment to share with us your thoughts.

Sam, Meredith, Marty and I will be grateful. Thank you.

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