



ABCI Note

Summer/Fall 2022

Dear reader:

After a one-year break, ABCI Institute is happy to resume its newsletter publication at the same time we welcome our new board of directors for the 2022-2024 term! To learn more about the new board, check out our website at <http://www.abciinstitute.com>.

The present newsletter intends to provide the reader with a quick glimpse of the most important recent trade facts, and information about relevant seminars and events recently carried out or about to happen. The following editions of the newsletter should be expected on a bi-monthly basis from now on.

Enjoy the reading; comments are welcome!

Short notes:

- **Russia-Ukraine Sanctions**

After Russia attacked Ukraine in February 2022, President Biden adopted measures to increase economic costs to Russia. These sanctions are part of the thorough effort to delineate the relationship with Russia, tackle the perceived threats to the national security, foreign policy, and economy of the United States, and promote peace in Ukraine.

In 2014, the United States implemented the Ukraine/Russia-related sanctions when the President declared a national emergency to deal with the threat posed by the actions and policies of certain persons who had undermined democratic processes and institutions in Ukraine. Since 2021, the United States has been implementing a sanctions scheme for national security purposes regarding Russia's involvement in efforts to undermine the conduct of free and fair democratic elections and democratic institutions in the United States and its allies and partners.

In 2022, when Russia invaded Ukraine, the United States applied a new set of sanctions. President Biden decided to implement measures to block the property of certain persons and prohibit certain transactions. The Biden Administration also prohibited the importation of certain goods from Russia; the exportation, reexportation, sale, or supply of certain goods or dollar-denominated banknotes from the United States or by a United States person; new investments in certain sectors of the Russian Federation economy, any approval, financing, facilitation, or guarantee by a United States person of a transaction by a foreign person where the presidential order would prohibit the transaction.



The Office of Foreign Assets Control issues specific and general licenses to authorize activities that would otherwise be prohibited within the sanctions scheme. More information on licenses issued by OFAC can be seen [here](#) and [here](#). Peterson Institute for International Economics' detailed timeline on economic sanctions regarding the Russia's war on Ukraine can found [here](#).

- **U.S. Sanctions on forced labor imports**

The Uyghur Forced Labor Prevention Act (UFLPA) became law on December 23, 2021. According to the U.S. Customs and Border Protection (CBP), the UFLPA “establishes a rebuttable presumption that the importation of any goods, wares, articles, and merchandise mined, produced, or manufactured wholly or in part in the Xinjiang Uyghur Autonomous Region of [China], or produced by certain entities, is prohibited by Section 307 of the Tariff Act of 1930 and that such goods, wares, articles, and merchandise are not entitled to entry to the United States.” The presumption applies unless CBP determines that the importer has complied with specified conditions and, by clear and convincing evidence, that the goods, wares, articles, or merchandise were not produced using forced labor. This import prohibition went into effect on June 21, 2022.

To be clear, the prohibition also covers goods from any origin that may contain inputs produced in the Xinjiang Uyghur Autonomous Region, which, in practice, means that any country exporting to the United States could be affected. The CBP information can be read [here](#). Chinese companies listed by UFLPA can be seen [here](#). In the case of Brazil, we recommend a specific [study](#) done by APEX-Brasil (in Portuguese only) which shows the possible impacts on Brazilian exports to the U.S. of machines and electric generating equipment, man-made yarn, textiles and apparel, chemical organic products, plastics and others.

- **Fisheries Subsidies**

As a result of the 12th Ministerial Conference (MC12), the WTO adopted the Agreement on Fisheries Subsidies on June 17, 2022. The multilateral document is considered a major achievement towards the promotion of ocean sustainability and the completion of the Sustainable Development Goal 14.6 from the United Nation. This is the first WTO agreement with focus on environment and the first multilateral agreement on ocean sustainability. For the Agreement to become operational, two-thirds of WTO Members must deposit their instruments of acceptance at the WTO.

The Agreement prohibits subsidies to harmful fisheries on three major fronts: subsidies to illegal, unreported, and unregulated fishing (IUU); subsidies to fishing on overfished stocks; and subsidies to fishing on the unregulated high seas. It also establishes additional commitments on transparency: beyond the regular periodic notifications on subsidies, to be provided every two years, Members will also be required to provide information relevant to the implementation of the Agreement, including the kind of fishing activity for which the subsidy is provided and to the extent possible the status of that fish stock. Catch data, fisheries



management measures, information on vessels benefiting from subsidies and a list of vessels and operators engaged in IUU fishing should also be provided.

The Agreement also addresses the special and differential treatment for developing and least developed countries (LDC) Members, determining particular conditions on dispute settlement (the “peace clause”), notification obligations, complaining restraints and technical assistance. The peace clause established that dispute settlement will not apply for two years for subsidies provided by developing and LDC countries within their own exclusive economic zones (EEZ). Besides, members should exercise “due restraint” in raising matters involving a LDC Member. The notification periodicity requirement is extended to every four years for LDC Members or developing Members with a share of volume of global fish catch up to 0.8%. Finally, a voluntary funding mechanism will be established by the WTO to provide technical assistance and capacity building for LDC and developing Members in the implementation of the Agreement.

Notwithstanding these achievements, Members agreed to continue negotiations on outstanding issues and make recommendations to further enhance the Agreement by the MC13. The so-called "second-wave" of negotiations is to be completed within four years from entry into force of the Agreement. The full version of the Agreement can be found [here](#).

- **The 60th Mercosur Summit**

The 60th Summit of Mercosur was held on July 21, 2022, in Luque, Paraguay. It was the first summit of the bloc held in person since the beginning of the COVID-19 pandemic. The summit brought together the presidents of Argentina, Uruguay, and Paraguay. The president of Brazil participated via videoconference. The summit marked the transition from the Pro Tempore presidency, which ends the presidency of Paraguay and begins the presidency of Uruguay. Among the main results of the summit are the reduction of 10% of the Common External Tariff and the conclusion of the Mercosur-Singapore Free Trade Agreement.

Mercosur-Singapore Free Trade Agreement negotiations have been concluded after six rounds of negotiations that started in 2018. It is the first Mercosur trade agreement with a Southeast Asian country. The free trade agreement eliminates import tariffs on around 90% of bilateral trade, involving clauses on Technical Barriers to Trade, Electronic Commerce, Customs Procedures and Trade Facilitation, Intellectual Property, Bilateral Safeguards and Services. An informative summary of the Mercosur-Singapore FTA (in English), prepared by the Brazilian Ministries of Foreign Affairs, Economy and Agriculture, Livestock and Food Supply can be found [here](#).

In 2020, Argentina [abandoned the negotiations of free trade agreements](#) with countries outside the trading blocs in order to protect companies in the country during the pandemic. Despite this situation, Argentina participated in the negotiations and in the conclusion of the agreement with Singapore. Argentina’s



chancellor, Santiago Cafiero, however, indicated that ratification “[may take time](#)”, with no need to rush its conclusion.

It should also be noted that Uruguay had announced the beginning of conversation with China on a possible trade agreement. This issue was not addressed in the 60th Mercosur Meeting. But, since Uruguay is the new Pro Tempore President of the group, this situation is significant.

- **Industrial Subsidies on Steep Rise in the U.S.**

In addition to the massive, already known subsidies extended to agriculture, fossil fuels, defense, and other industries (not counting those directed towards fighting the pandemic), a new, giant wave of almost \$1 trillion in subsidies to boost U.S. industrial production and competitiveness is coming to shore. Among the initiatives are the following:

- [Infrastructure Investment and Jobs Act](#), signed into law on November 15, 2021, provides for \$550 billion in new spending over 5 years for roads, railroads, ports, waterways, public transportation transition to lower emissions, broadband to rural areas, clean energy technology for the power grid, among others. It includes \$40 billion in loans and loan guarantees for energy related projects.
- On March 7, 2022, the Federal Acquisition Regulatory Council (FAR Council) published a [final rule](#) that increases domestic content requirements for federal government procurements governed by the Buy American Act (BAA). That final rule, issued pursuant to [President Biden's Executive Order of January 25, 2021](#) (EO 14005), provides that the product subject to government purchase must be manufactured in the U.S. and its domestic content requirement, which was 55%, is now increased to 60 percent (for years 2022 and 2023), 65 percent (for years 2024 through 2028) and 75 percent (starting in calendar year 2029). U.S. suppliers are to have priority in up to 30% price difference.
- [Chips and Science Act](#), signed into law on August 9, 2022, provides \$52 billion for the semi-conductor industry.
- [The Inflation Reduction Act of 2022](#), signed into law on August 16, 2022, provides \$369 billion for energy security and climate change. It includes tax credits for the purchase of electric vehicles and for infrastructure to charge these vehicles.



Upcoming events in the Fall:

- Webinar "Energy Security Conflicts and the Role of International Trade Law" with Anna-Alexandra Marhold and Geraldo Vidigal. Friday, September 16, 2022, at 12:00 PM (EST). Click [here](#) to participate in the webinar.
- ABCI's XVIII Symposium on International Trade is expected to be held in the first week of December 2021: Stay tuned for more information!

Past Events:

- On September 29, 2021, Aluisio de Lima Campos participated in the panel "Until everything's agreed" - Plurilaterals and WTO reform at the WTO Public Forum 2021 · The recording is available [here](#).
- On December 9-10, 2021, ABCI and the American University held the XVII Symposium on International Trade.
- On January 28, 2022, Aluisio de Lima Campos participated in the event "A Importância da Defesa da Concorrência e da Defesa Comercial," hosted by Associação de Comércio Exterior do Brasil (AEB). · The recording is available [here](#).
- On May 26, 2022, Aluisio de Lima Campos addressed students and the faculty of Universidade Federal Fluminense (UFF) at the event Políticas Comerciais Brasil-EUA: Convergências e Divergências. The recording is available [here](#).