

International Business-Government Counsellors

# International Issues Update



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July 15, 2016

**Please note that this will be our last regularly scheduled International Issues Update until Congress returns in September.**

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## **What We've Been Working on at IBC**

- Cross Border Data Flows: Analyzing the impact of the movement of data on non-technology focused firms.
- Eximbank: Analysis of its transactional terms and of the differential accounting methods stating its "profit/loss".
- Rules of Origin: Assessing Outlook for Amendments to

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## The Week Ahead

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### Monday, July 18

- Secretary Kerry is on travel in London through July 19.
- The Republican National Convention is held in Cleveland.
- UNCTAD holds its 14th session in Nairobi through the 22nd.

### Wednesday, July 20

- The White House sponsors the Summit on Global Development.

### Thursday, July 21

- French Minister of Foreign Affairs and International Development Jean-Marc Ayrault visits Washington DC.

### Saturday, July 23

- The G20 countries hold a finance and central banking ministerial in Chengdu.

Contact: [Pat Sheehy](#)

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## Administration

### **A. Data- EU-U.S. Privacy Shield Agreement Adopted**

European Commissioner for Justice and Secretary of Commerce Penny Pritzker signed the EU-U.S. Privacy Shield agreement on Tuesday, July 12, 2016. This was the final step needed for the agreement, which provides legal protection to U.S. firms seeking to transfer data from the EU to the U.S., to enter into force. European Privacy activists have already pledged to bring new legal challenges to the agreement, arguing that it does little to change the U.S. mass surveillance policies that prompted the legal challenge that brought down the agreement's predecessor. Commissioner Jourova responded to these claims by asserting that the new agreement was "fundamentally different" from the previous agreement. Contact: [Pat Sheehy](#)

### **B. USTR- Administration Challenges Chinese Export Duties on Nine Key Raw Materials at the WTO**

USTR announced on July 13th that it will pursue a new WTO case against China for export duties on nine raw materials used in technology manufacturing. The suit contends that China's continued use of duties on the export of antimony, cobalt, copper, graphite, lead, magnesia, talc, tantalum and tin is an effort to give Chinese technology manufacturers a competitive advantage over their U.S. competitors. Contact: [Pat Sheehy](#)

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## Congress

## **A. Digital Trade - Ways and Means Committee Holds Hearing on Digital Trade**

The House Ways and Means Trade Subcommittee held a [hearing](#) on enhancing digital trade on July 13, 2016. Members focused primarily on the Trans-Pacific Partnership (TPP), with both Chairman [Dave Reichert](#) (R-WA) and Ranking Member Charlie Rangel (D-NY) making statements supporting TPP and emphasizing the importance of cross-border data flows and intellectual property protections. Reichert commented that resolving issues related to forced data localization for financial services "...is essential to getting Congressional support for TPP." Private sector witness testimony focused on the prohibition against data localization in the TPP and expressed general satisfaction with TPP. However, witnesses cautioned that the exception in rules prohibiting data localization for financial services set a dangerous precedent by implying that financial data was uniquely sensitive and that moving it access borders was somehow dangerous. Witnesses commended USTR for working on a fix and expressed satisfaction with assurances that similar provisions would not feature in future agreements. Contact: [Pat Sheehy](#)

## **B. Energy - Senate Votes For Conference Committee on Energy Bill**

After several months of delay, the Senate voted 84-3 to begin a conference committee to resolve differences with the House on a comprehensive energy measure. [S. 2012](#), the North American Energy Security and Infrastructure Act of 2016, sponsored by Senate Energy Committee Chair Lisa Murkowski (R-AK), originally passed the Senate in April. A similar provision passed the House in May. The legislation focuses on improving manufacturing energy efficiency, modernizing the electric grid, and facilitating natural gas exports. Contact: [Kevin Walsh](#)

## **C. GMO - House Passes GMO Labeling Legislation**

Following last week's approval in the Senate, the House voted 306-117 in favor of [S. 764](#), which was amended with legislation mandating national genetically modified organism (GMO) labeling requirements. The legislation pre-empts state-specific GMO labeling efforts, and requires that food companies with products containing bioengineered ingredients make such information available on the label to the consumer. The language was crafted and led by Senate Agriculture Committee Chairman Pat Roberts (R-KS) and Ranking Member Debbie Stabenow (D-MI). It now heads to the President for his signature. Contact: [Kevin Walsh](#)

## **D. Iran - House Passes Several Iran Measures**

The House passed three Iran-related measures this week before adjourning for the summer recess. [H.R. 5119](#), the No 2H2O from Iran Act introduced by Rep. Mike Pompeo (R-KS), preventing any government funds from being used to purchase heavy water produced in Iran passed 249-176 on July 13. [H.R. 5631](#), the Iran Accountability Act of 2016 introduced by House Majority leader Kevin McCarthy (R-CA), passed 246-179, and would impose new sanctions on Iran related to ballistic missile programs. Finally, the House passed H.R. 4992, the United States Financial System Protection Act of 2016 introduced by House Foreign Affairs Committee Chairman Ed Royce (R-CA) 246-181. [H.R. 4992](#) seeks to bar Iran access to the U.S. dollar, including foreign transactions conducted in U.S. dollars. On July 11, the Administration [issued](#) a veto threat for all three bills. Contact: [Kevin Walsh](#)

## **E. Sanctions - House Foreign Affairs Approves Crimea Sanctions**

## **Bill**

During a July 14 markup of several pieces of legislation, the House Foreign Affairs Committee approved [H.R. 5094](#), the Stability and Democracy for Ukraine Act, by voice vote. Introduced by the Committee's Ranking Member, Rep. [Eliot Engel](#) (D-NY), the legislation codifies several Executive Orders relating to sanctions in the Crimea region of Ukraine. It also amends the Sergei Magnitsky Act, relating to human rights sanctions Russian territory, among other things. The legislation is now sent to the full House for consideration. Contact: [Kevin Walsh](#)

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## **Foreign Policy/Country Risk**

### **A. Turkey- Coup Reported**

As we write, an attempted seizure of power by elements of the military is reportedly ongoing in Turkey. Gunfire and explosions are reported in both Istanbul and Ankara. Prime Minister Yildirim has called for calm, saying that "there was an illegal act by a group within the military that was acting out of the chain of military command. Our people should know that we will not allow any activity that would harm democracy." Social media has been blocked throughout the country. Media reports cite statements from the military claiming that it has seized control of the country "to reinstate constitutional order, human rights and freedoms, the rule of law and ... general security." Contact: [Pat Sheehy](#)

### **B. Iran - The JCPOA One Year Later**

On July 14, the one-year anniversary of the signing of the *Joint Comprehensive Plan of Action* (JCPOA) between the P5+1 and Iran, Secretary of State Kerry [said](#) that the agreement had "made the world safer, lived up to its expectations, and thus far produced an ability to be able to create a peaceful nuclear program with Iran living up to its part of this bargain and obligation." He acknowledged the "potential for hiccups" on nuclear-related issues and noted differences between the U.S. and Iran on "other issues that are involved in the relationships of a number of nations in the region" including Syria and Yemen. Kerry pledged, however, to continue to work on the bilateral relationship and said that the U.S. needs to have "a specially designated ambassador whose day-to-day effort is leading the team to make sure that this deal continues to be lived up to, that we continue to be able to resolve any problems." Contact: [Jim Regan](#)

### **C. ISDS - Arbitration Panel Rejects Philip Morris Claim Against Uruguay**

The World Bank's *International Centre for Settlement of Investment Disputes* (ICSID) ruled in favor of Uruguay in a dispute with Philip Morris International (PMI) over two 2009 tobacco control regulations. One of Uruguay's laws requires graphic warnings covering 80 percent of the front and back of cigarette packs; the other limits each cigarette brand to one pack presentation in order to prevent the use of terms, such as "light" and "mild", and colors implying that some cigarettes are less harmful. PMI claimed that Uruguay had violated several provisions of the Uruguay-Switzerland Bilateral Investment Treaty (BIT), caused a substantial decrease in sales, and a deprived it of the use of its intellectual property rights. PMI sought compensation under the BIT and international law. Contact: [Jim Regan](#)

## **D. Russia - Kerry Meets Kremlin Leaders To Discuss Syria, Ukraine**

Secretary of State Kerry, in a July 14-15 visit to Moscow, met with Russian President Vladimir Putin and Minister of Foreign Affairs Sergei Lavrov, to try to secure Russian cooperation on anti-terror operations in Syria, and on support for the Minsk agreements *vis à vis* Ukraine. In an appearance with Putin prior to their July 14 meeting, Kerry [said](#) the U.S. and Russia were "in a position to make an enormous difference in the course of events - not just in Syria, but obviously Ukraine, and even in other potential areas of cooperation." After the meeting, State released a [readout](#) which outlined U.S. concerns about Syria and Ukraine, and noted that Kerry and Lavrov were expected to explore initiatives to deal with them in more detail on July 15. Kerry and Lavrov made joint [remarks](#) prior to their July 15 meeting in which Lavrov said they would discuss plans on Syria, Ukraine, the "settlement of the Middle East process conflict", Nagorno-Karabakh, and Israel. Contact: [Jim Regan](#)

## **E. UK - U.S. Pledges Cooperation With New Leaders**

At a White House press briefing on July 13, Press Secretary Josh Earnest [said](#) even after the completion of "a good-faith negotiation" between the UK and the European Union, the U.S. and the UK would "still have an important economic relationship." With regard to the UK's new Prime Minister, Theresa May, Earnest said that a number of U.S. officials had worked with May on important national security issues during her tenure as Home Secretary.

On July 14, President Obama [spoke](#) with May on the phone and emphasized that the special relationship between the U.S. and the UK remains strong, will endure and that he "looks forward to building a close working relationship with" the Prime Minister. Similarly, Senate Finance Committee Chairman Orrin Hatch (R-UT) and Ways and Means Committee Chairman Kevin Brady (R-TX) joined together to introduce [S.Con.Res.47](#) and [H.Con.Res.146](#), respectively, calling for closer economic and trade ties with the United Kingdom. The resolution asks the President to "begin discussions toward establishing the basis for negotiations for a trade agreement" between the UK and U.S. It also expresses support for the conclusion of the Transatlantic Trade and Investment Partnership (TTIP).

Meanwhile, on July 14, Secretary of State Kerry called the UK's new Foreign Secretary, former London Mayor Boris Johnson, to congratulate him on his new job and to urge "a sensible and measured approach" to the Brexit. They plan to meet during the week of July 18 in Brussels. Contact: [Jim Regan](#)

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## **International Organizations**

### **A. IMF - Russia's Article IV Consultation**

The IMF published its staff [report](#) for the 2016 Article IV Consultation with Russia on July 13. Noting that the Russian economy had contracted by 3.7 percent in 2015, the report [said](#) that lower oil prices and needed fiscal adjustment will keep the Russian economy in recession in 2016 with an expected decline in real GDP of 1.2 percent. Growth is expected to resume in 2017, however, and reach 1 percent, as domestic demand slowly recovers

on the back of easing financial conditions and pent up demand. A fall in oil prices is the main risk to the outlook. Contact: [Jim Regan](#)

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## New Legislation

### **House**

H.R. 5711, *July 11, 2016*, by Mr. Huizenga (R-MI) - To prohibit the Secretary of the Treasury from authorizing certain transactions by a U.S. financial institution in connection with the export or re-export of a commercial passenger aircraft to the Islamic Republic of Iran.

H.R. 5715, *July 11, 2016*, by Mr. Roskam (R-IL) - To prohibit the Export-Import Bank of the United States from providing financing that would benefit Iran.

H.R. 5727, *July 12, 2016*, by Mr. Kinzinger (R-IL) - To impose sanctions on persons that threaten the peace or stability of Iraq or the Government of Iraq.

H.R. 5728, *July 12, 2016*, by Mr. Katko (R-NY) - To prohibit scheduled passenger air transportation between the United States and Cuba until a study has been completed regarding security measures and equipment at Cuba's airports, to amend title 49, United States Code, to clarify the role of the Secretary of Homeland Security regarding security standards at foreign airports, and for other purposes.

H.R. 5729, *July 12, 2016*, by Mr. Pittenger (R-NC) - To prohibit the Secretary of the Treasury from issuing certain licenses in connection with the export or re-export of a commercial passenger aircraft to the Islamic Republic of Iran, to require annual reports by the Secretary of the Treasury and the Export-Import Bank on financing issues related to the sale or lease of such a commercial passenger aircraft or spare parts for such an aircraft, and for other purposes.

H.R. 5827, *July 14, 2016*, by Mr. Chabot (R-OH) - To require the President to determine whether a sale or transfer of advanced integrated air defense systems to Iran meets the requirements to impose sanctions under certain Iran sanctions laws, and for other purposes.

H.R. 5890, *July 14, 2016*, by Mr. Salmon (R-AZ) - To promote stability and security in the Asia-Pacific maritime domains, and for other purposes.

H.R. 5910, *July 14, 2016*, by Mr. Young (R-IN) - To amend title 31, United State Code, to establish within the Department of the Treasury an Economic Sanctions Strategy, Coordination, and Planning Group, and for other purposes.

### **Senate**

S. 3161, *July 12, 2016*, by Mr. Grassley (R-IA) - A bill to include the Secretary of Agriculture on the Committee on Foreign Investment in the United States and to provide for the consideration by that Committee of the national security effects of foreign investment on agricultural assets.

S. 3169, *July 12, 2016*, by Mr. Alexander (R-TN) - A bill to support basic energy research and eliminate the wind production tax credit.

S. 3267, *July 14, 2016*, by Mr. Corker (R-TN) - A bill to protect against threats posed by Iran to the United States and allies of the United States, and for other purposes.

S. 3281, *July 14, 2016*, by Mr. Reid (D-NV) - A bill to extend the Iran Sanctions Act of 1996.

## **Commerce Department - Bureau of Industry and Security**

Order Renewing Order Temporarily Denying Export Privileges  
Pages 45276-45282 [FR DOC# 2016-16567] July 13, 2016

## **Commerce Department - International Trade Administration**

The International Trade Administration published antidumping and countervailing duty notices for:

Boltless Steel Shelving Units Prepackaged for Sale From the People's Republic of China: Notice of Court Decision Not in Harmony With Final Determination and Notice of Amended Final Determination  
Pages 44843-44844 [FR DOC# 2016-16443] July 11, 2016

Certain Small Diameter Carbon and Alloy Seamless Standard, Line, and Pressure Pipe (Under 4 1/2  
Pages 45124-45125 [FR DOC# 2016-16473] July 12, 2016

Certain Large Diameter Carbon and Alloy Seamless Standard, Line, and Pressure Pipe (Over 4 1/2  
Pages 45126-45127 [FR DOC# 2016-16474] July 12, 2016

Certain Tissue Paper Products From the People's Republic of China:  
Continuation of the Antidumping Duty Order  
Page 45128 [FR DOC# 2016-16465] July 12, 2016

Chlorinated Isocyanurates From the People's Republic of China: Preliminary Results of Antidumping Duty Administrative Review; 2014-2015  
Pages 45128-45130 [FR DOC# 2016-16466] July 12, 2016

Tapered Roller Bearings and Parts Thereof, Finished and Unfinished, From the People's Republic of China: Preliminary Results of Changed Circumstances Review and Intent To Reinstate Shanghai General Bearing Co., Ltd. in the Antidumping Duty Order  
Pages 45282-45283 [FR DOC# 2016-16472] July 13, 2016

Tapered Roller Bearings and Parts Thereof, Finished and Unfinished, From the People's Republic of China: Preliminary Results, Partial Rescission of Antidumping Duty Administrative Review, and Preliminary Rescission of New Shipper Review; 2014-2015  
Pages 45455-45458 [FR DOC# 2016-16467] July 14, 2016

Certain Cold-Rolled Steel Flat Products From Japan and the People's Republic of China: Antidumping Duty Orders  
Pages 45955-45960 [FR DOC# 2016-16798] July 14, 2016

Certain Cold-Rolled Steel Flat Products From the People's Republic of China: Countervailing Duty Order  
Pages 45960-45962 [FR DOC# 2016-16794] July 14, 2016

Polyethylene Terephthalate Film, Sheet, and Strip From the People's Republic of China: Rescission of Antidumping Administrative Review; 2014-2015  
Pages 46046-46047 [FR DOC# 2016-16807] July 15, 2016

Certain Frozen Warmwater Shrimp From the Socialist Republic of Vietnam:  
Partial Rescission of Antidumping Duty Administrative Review; 2015-2016  
Pages 46047-46048 [FR DOC# 2016-16804] July 15, 2016

Antidumping Duty Investigation of Circular Welded Carbon-Quality Steel Pipe  
From the Socialist Republic of Vietnam: Amended Affirmative Preliminary  
Determination  
Pages 46048-46050 [FR DOC# 2016-16806] July 15, 2016

Certain Pasta From Turkey: Preliminary Rescission of Antidumping Duty New  
Shipper Review  
Pages 46050-46051 [FR DOC# 2016-16694] July 15, 2016

Carbon and Certain Alloy Steel Wire Rod From Mexico: Notice of Court  
Decision Not in Harmony With Amended Final Determination and Notice of  
Second Amended Final Determination  
Pages 46051-46053 [FR DOC# 2016-16803] July 15, 2016

### **Commerce Department - International Trade Administration**

The International Trade Administration published additional notices for:

Renewable Energy and Energy Efficiency Business Directory Survey  
Pages 44840-44841 [FR DOC# 2016-16257] July 11, 2016

Export Trade Certificate of Review  
Pages 44841-44843 [FR DOC# 2016-16293] July 11, 2016

Notice of Petitions by Firms for Determination of Eligibility To Apply for Trade  
Adjustment Assistance  
Page 45276 [FR DOC# 2016-16527] July 13, 2016

### **Homeland Security Department-Customs and Border Protection Bureau**

Expansion of Global Entry Eligibility to All Citizens of the United Kingdom  
Pages 45170-45172 [FR DOC# 2016-16435] July 12, 2016

Agency Information Collection Activities: Declaration of Owner and  
Declaration of Consignee When Entry Is Made by an Agent  
Pages 45514-45515 [FR DOC# 2016-16688] July 14, 2016

### **International Trade Commission**

The International Trade Commission published import investigation notices  
for:

Certain Aluminum Extrusions From China; Notice of Commission



Determination To Conduct Full Five-Year Reviews  
Pages 45304-45305 [FR DOC# 2016-16528] July 13, 2016

Cold-Rolled Steel Flat Products From China and Japan; Determinations  
Page 45305 [FR DOC# 2016-16526] July 13, 2016

Certain Diaper Disposal Systems and Components Thereof, Including Diaper Refill Cassettes; Commission Determination Not To Review an Initial Determination Terminating the Investigation Based on a Withdrawal of the Complaint; Termination of the Investigation  
Pages 45305-45306 [FR DOC# 2016-16523] July 13, 2016

Raw In-Shell Pistachios From Iran; Notice of Commission Determination To Conduct a Full Five-Year Review  
Page 45306 [FR DOC# 2016-16525] July 13, 2016

Ammonium Sulfate From China; Determinations  
Pages 45533 - 45534 [FR DOC # 2016-16669] July 14, 2016

### **U.S. Department of State**

Certification Pursuant to Section 7045(a)(3)(B) of the Department of State, Foreign Operations, and Related Programs Appropriations Act, 2016 (DIV. K, Pub. L. 114-113)  
Page 45593 [FR DOC# 2016-16679] July 14, 2016

Executive Order 13224 Designation of Aslan Avgazarovich, aka Aslan Byutukayev, aka Aslan Byutukaev, aka Emir Khamzat, aka Amir Khamzat, aka Khamzat Chechensky, aka Hamzat as a Specially Designated Global Terrorist  
Page 45593 [FR DOC# 2016-16572] July 14, 2016

Executive Order 13224 Designation of Ayrat Nasimovich Vakhitov, aka Aiat Nasimovich Vahitov, aka Airat Vakhitov, aka Aryat Vakhitov, aka Airat Wakhitov, aka Taub Ayrat Vakhitov, aka Salman Bulgarsky, aka Salman Bulgarskiy, as a Specially Designated Global Terrorist  
Page 45594 [FR DOC# 2016-16569] July 14, 2016

Notice of 30-Day Public Comment Period Regarding the National Interest Determination for NuStar Logistics, L.P.'s Presidential Permit Application  
Page 45592 [FR DOC# 2016-16678] July 14, 2016

Notice of 30-Day Public Comment Period Regarding the National Interest Determination for NuStar Logistics, LP Presidential Permit Application  
Pages 45592-45593 [FR DOC# 2016-16676] July 14, 2016

Notice of 30 Day Public Comment Period Regarding the National Interest Determination for NuStar Logistics, LP Presidential Permit Application  
Pages 45593-45594 [FR DOC# 2016-16677] July 14, 2016

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