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Treasury Secretary Could Moderate Trump's Tariff Plans

President-elect Donald Trump's Treasury Secretary nominee, hedge fund CEO Scott Bessent, has talked about tariffs as a way to "escalate to de-escalate," with the goal of "getting rid of all the tariffs."

The stock market surged Nov. 25 on the belief that Bessent is somewhat moderate on tariffs, since he told CNBC earlier in the month, "I would recommend that tariffs be layered in gradually." In a recent interview, Bessent said that getting China to stop overproducing for export is a 10-year project, and said "my trigger-happy tariff friends" don't understand it will take time to rebalance global trade.

In January, Bessent wrote a note to clients that said in part: "We find it unlikely that across-the-board tariffs ... would be enacted at the same time as he moves to fix the immigration crisis. The tariff gun would be always loaded and on the table, but rarely discharged." He then added that there are still "strategic and national security issues" with China.

Lori Wallach, a long-time free-trade skeptic, tweeted before Bessent was chosen that Bessent "loves" the World Trade Organization, and wrote: "So much for Trump's

TARIFF love! His Treasury Sec finalists are free traders."

However, Bessent's recent interviews suggest he is open to managed trade, or friendshoring, as the Biden administration called it. Bessent said you could delineate green, yellow and red categories, and countries could be in any given category, depending on a number of actions or inactions.

"The green box is shared values, shared economies, shared defense, shared currency goals," he said, naming Australia as a "real ally."

"If you're India, you want to have 20% tariffs, you want to buy sanctioned Russian oil, you're in the yellow box, and by the way, you want to keep buying that oil, you're moving toward the red box," he said.

Similarly, in a recent opinion piece, Bessent endorses using trade as leverage for other foreign policy goals, like migration, as Trump did in his first term. "Whether it is getting allies to spend more on their own defense, opening foreign markets to U.S. exports, securing cooperation on ending illegal immigration and interdicting fentanyl trafficking, or deterring military aggression, tariffs can play a central role," he wrote. Coalition for a Prosperous America, a pro-American manufacturing group that was closely allied with Trump's tariff policy during his first term, has not directly criticized Bessent since his selection, but CEO Michael Stumo argued vociferously for former U.S. Trade Representative Robert Lighthizer to be chosen rather than "Brash Wall Street/Finance guys." He wrote on Twitter: "As an attorney representing American companies in trade cheating cases, he faced and BEAT the best white shoe lying lawyers who whored for Chinese predatory companies trying to avoid being held accountable. He has been in their shorts, saw their books, and knows where the bodies are buried."

He also argued that there would be a "MASSIVE BATTLE" on putting "ACROSS THE BOARD TARIFFS of perhaps 20% as a part of the freaking US tax code" in a tax cut extension bill next year. "Congress trusts him. Even globalist Senators and Congressmen trust him. He knows how Congress works. No other candidate can come close," he wrote.

Lighthizer hasn't been yet named for any position in the second Trump administration. Trump also hasn't named a USTR, but in his announcement of

Howard Lutnick for Commerce Secretary, he suggested that Lutnick would lead on all trade negotiations, and that the USTR would report to him. — Mara Lee

Unresolved East, Gulf Coast Port Labor Dispute, Proposed Tariffs Could Drive Import Volume Higher: NRF

Uncertainties over labor negotiations affecting U.S. East Coast and Gulf Coast ports, plus concerns over tariffs proposed by President-elect Donald Trump, could result in a higher volume of U.S. imports in the coming weeks, the National Retail Federation said Nov. 8.

"October's strike lasted only three days, but there's the potential for a longer strike if a new labor contract is not reached after the contract extension runs out in mid-January," NRF Vice President for Supply Chain and Customs Policy Jonathan Gold said in a release. Gold was referring to the three-day strike that occurred as a result of the negotiations impasse between the International Longshoremen's Association and the United States Maritime Alliance over ILA's contract, which expired Sept. 30. Both sides said on Oct. 3 they reached an agreement over pay, but they have until January to negotiate over other issues, including potentially the use of automation at the ports.

"That has retailers spending extra to bring in cargo early or continue shifting it to the West Coast to avoid any potential disruptions, much like they did earlier this year. And we're hearing that some merchants will also move up shipments to avoid the costly tariff increases expected after Donald Trump returns to the White House. Neither of these developments is good for retailers, their customers, or the economy," Gold continued.

When factoring in the labor strike at the ports, NRF and its survey partner Hackett Associates estimated that October import volumes at major U.S. ports rose 3.7% year-over-year to 2.13 million twenty-foot equivalent units (TEUs). The survey estimated November imports would total around 2.15 million TEUs, up 13.6% year-over-year, while December volumes would total 1.99 million TEUs, up 6.1%. September imports, meanwhile, were estimated at 2.29 million TEUs, down 1.3% from August but up 12.8% year-over-year.

The import volumes forecast comes on the heels of the association's release of a report suggesting that the tariffs Trump proposed during his re-election campaign could result in a loss of between $46 billion and $78 billion in spending power each year they are in effect. The report considered the impact of a universal 10% to 20% tariff on imports from all foreign countries and an additional 60% to 100% tariff on imports specifically from China on the following six consumer products categories: apparel, toys, furniture, household appliances, footwear, and travel goods.

CBP Working on Revealing More Info During UFLPA Applicability Reviews

NEW YORK—Brian Hoxie, director of CBP's Forced Labor Division, told an apparel industry conference audience this week that DHS has been hearing their pleas for more transparency in forced labor enforcement.

Tasha Reid Hippolyte, DHS deputy assistant secretary for trade and economic competitiveness, said she's in constant conversation with UFLPA's Forced Labor Enforcement Task Force, which compiles the entity list, and DHS' general counsel on whether FLETF can release the Chinese-language names of entity list firms, or their addresses. She said the easiest request to fulfill, "the one that I'm pushing," is to provide the Chinese-language names of companies that have been added to the Uyghur Forced Labor Prevention Act's entity list.

"I can't promise you that will happen," she said during the U.S. Fashion Industry Association conference, but she thinks it probably will.

Apparel was a Uyghur forced labor enforcement priority even before UFLPA passed, and Hoxie said it remains a priority "because there's so much cotton [that] comes out of the Xinjiang region."

When apparel importers have cargo detained, they expect CBP suspects the garment contains cotton harvested in Xinjiang, but they don't know which firm triggered that suspicion—a fabric mill, a cotton broker, a thread mill. Hoxie said that if one of their companies asks for an applicability review after a detention, "one of the things that we're actively working on is making sure that we can give you as much information as we can. Now, we can't tell you, 'It's this company XYZ,' but we can tell you that it's in this particular area of the supply chain, that's where we're seeing some risk." He said part of that process is providing guidance from his office to the centers of excellence about how they can respond to questions during an applicability review.

Hoxie said the apparel industry has gotten better at being able to document its supply chain so that they can prove there is no connection to Xinjiang or entity list firms, and therefore, get cargo released, but he wants to continue to hear from industry players about what aspects of UFLPA implementation are difficult for the industry to manage.

One of the areas industry stakeholders feel will be very difficult to manage is documenting where the cotton in used clothing came from when that used clothing is later recycled into new garments.

"I implement the law, I don't make the law," Hoxie told an audience member who asked about whether goods made from post-consumer waste would be expected to have the same supply chain tracing as new garments. "We've really gone over the law as much as we can, and there's no exception for recycled materials. And so that's the guidance we've been given from the legal department." He said apparel isn't the only industry struggling with this—aluminum is also a priority sector in UFLPA, and Hoxie noted "aluminum is heavily recycled."

Although Hoxie could offer no flexibility there, he emphasized that CBP wants to communicate information that will help companies prove their goods are not linked to Uyghur labor. "We've always maintained that the whole point of forced labor [enforcement] is not to prohibit trade. It's to encourage ethical trade. So we want to make sure that we open up these trade routes again, with different [supplier] companies, and making sure that people are compliant."

Hoxie said CBP had just posted guidance about isotopic testing. While the agency will accept any test, following the guidance on providing details about the service provider's methods, confidence interval, and chain of custody of the sample (including pictures of the garment and how it relates to the shipment items) will make the result more useful for CBP.

Hoxie said CBP is asked all the time, “Is a cotton test good enough to get a release of cargo?” He said: “No."

He said importers also ask: “Hey, will you do a test for me?” after a detention. The answer to that is also no. The guidance says: “Even with these additional investments [in new labs], CBP will have limited testing resources and does not have the capacity to test all U.S. imports."

One area where the forced labor team a few months ago pulled back the curtain a little is by posting Attachment 2-B, the document that importers receive if cargo is detained under UFLPA. “We just posted it because there’s a lot of information in there,” he said, including some of what the Apparel, Footwear and Textiles center is looking for in applicability review packets.

The CBP panel touched on the Commercial Customs Operations Advisory Committee. Felicia Pullam, Office of Trade Relations executive director, said that the agency is working on finishing appointments for COAC vacancies. Hoxie said CBP has been working with the COAC to update importer guidance for UFLPA.
Although UFLPA dominates industry attention on forced labor, the withhold release order activity that preceded UFLPA has not ended.

Hoxie said, “We’re going to be ramping up our withhold release orders and findings investigations."

In a Q&A, Hoxie was asked whether CBP was really enforcing the WRO on cotton from Turkmenistan. He said CBP doesn’t see a lot of shipments of apparel containing that cotton, but said, “We have had detentions.” He said he couldn’t say how many. Hoxie also said CBP would not be creating a public WRO detention dashboard, as it has with UFLPA.

The UFLPA dashboard may add new details over time, Hoxie said, such as mode of transportation, or possibly, where reexports are going. But he said it will never provide tariff codes at the level of detail that would be helpful to the garment industry, because if they got down to the product level, “it starts getting into our law-enforcement sensitive targeting, and showing where we’re looking and where we’re not looking."

He said it's possible that at some point, perhaps when more goods have been detained, CBP would disclose down to the four-digit level, rather than just the chapters in the tariff code. — Mara Lee

CBP Defines Who Is Liable for Ensuring Truthfulness of Origin Documents

CBP has updated guidance further defining who is responsible for ensuring the truthfulness of origin documents such as origin declarations, origin statements, and certification of origin documents.

The updated guidance, according to a Nov. 19 cargo systems message, calls for a "responsible official" of the importer, exporter, or producer to complete origin declarations, origin statements, or certifications of origin. An authorized agent of the importer, exporter, or producer who has knowledge of the relevant facts may also complete these forms. Whoever fills out these forms is responsible for the truthfulness of the origin declaration, statement, or certification and is liable for false statements or material omissions, CBP said.

CBP may deny a claim for preferential tariff treatment if an importer fails to submit the completed origin declaration, origin statement, or certification of origin that's in accordance with the requirements of the trade preference program and customs regulations, the agency said.

This latest guidance builds upon a May 14 cargo systems message that lays out importer obligations and requirements in completing origin documents.

DHS Adds Metals, Food Producers to UFLPA List

DHS added 30 more companies to the Uyghur Forced Labor Prevention Act Entity List for allegedly using forced labor or participating in forced labor schemes, it said in a notice. Some of the companies are in the metals sector, including the mining, smelting, and processing of gold, copper, lithium, beryllium, nickel, manganese, chromium, iron, and aluminum.

Other newly listed entities produce food products, including tomatoes, tomato paste, ginger and garlic, edible seeds, walnuts, and herbs for medicinal purposes. The listings take effect Nov. 25.

CPSC e-filing, How to Get in Under the Wire Before Tariffs Weighing on Brokers

NEW YORK—The Consumer Product Safety Commission's intent to require information from certificates of compliance to be filed in ACE next year is alarming brokers, according to Erin Williamson, vice president of customs brokerage at GEODIS USA.

Williamson, who spoke on new issues in compliance at the U.S. Fashion Industry Association conference this week, said that it doesn't make sense to implement a final rule in 2025 when the enrollment of voluntary filers this year has been so delayed. CPSC began taking on companies in this large-scale pilot only at the end of October. Up to 2,000 companies can participate, and the agency is still taking applications, but those applicants will have to wait until earlier applicants have been allowed to start trying out e-filing the certificate information.
Williamson warned that the CPSC e-filing regulations aren't limited to the partner government agency messaging set.

Many filers are telling Williamson "we do not have the bandwidth" to set up systems that will scrape certificate information and put each bit of information in the right place in ACE. If no programming is in place to do this by the time the requirement begins, companies will have to manually enter the information from the certificate into ACE, and if they have cargo with dozens or a hundred different certificates, she said, "it could delay entry of your goods."

Williamson said she hopes that CPSC officials "take the input from the trade that this is not easy to implement, and they push back to 2026, 2027," or, even 2028, though her chuckle before saying "2028" implied she thought that was unlikely.

Williamson also offered technical advice about how to handle higher tariffs in a second Trump administration. She said clients are asking how soon higher tariffs could arrive when Trump returns—could they go up for entries on Jan. 21? She said that while she would like to see an implementation period that would give importers time to rush goods in before a hike, she remembered how List 3 tariffs under Section 301 went from 10% to 25% within one week.

Her advice, assuming the period between announcements and effective dates is very short, is that brokers get their entry dates filed as soon as possible, and “take care of everything later."

She noted that carriers can file a series of release dates for a single ship arrival, and that CBP will reject entry summaries that have release dates that were after the tariff went up. Williamson advised brokers to take screenshots of arrival information from the carrier, so you can contest those rejections. She said telling customs that there was a first release based on carrier arrival can be persuasive if you have the documentation to show that carrier arrival was before the tariff hike. — Mara Lee

Ways and Means Member Says GSP, AGOA Renewal Likely Before June 2025

Although some trade attorneys have been worrying that a Trump administration will discourage a Republican Congress from bringing back Generalized System of Preferences (GSP) program tariff breaks for developing countries, members of the House Ways and Means Committee did not endorse that point of view.

Rep. Don Beyer, D-Va., a free-trade advocate, said at the Capitol: “I think we're a lot closer than we've been. I think there’s been a lot of behind-the-scenes stuff, staff-to-staff. I feel really good about both AGOA and GSP first quarter, [or] second quarter next year."

He referred to China’s announcement it will eliminate tariffs on imports from 33 African countries, the Solomon Islands, Kiribati in the South Pacific, Yemen, Afghanistan, Bangladesh, Cambodia, Laos, Myanmar, Nepal, and East Timor in Asia.

When GSP was in force, it no longer covered Bangladesh since the Rana Plaza disaster; Myanmar is expected to be out of GSP when it comes back because of its military coup. Moreover, for countries that are not part of the African Growth and Opportunity Act (AGOA), apparel and other “import sensitive” products are not covered by GSP. Bangladesh said the end of GSP had a “minimal impact” on its exports to the U.S. since apparel is not covered. China is lifting tariffs on all items from these countries.

"Brilliant on their part, devastating in terms of our leadership in Africa, and it makes it all the reason to [renew] AGOA and GSP,” Beyer said.

House Ways and Means Trade Subcommittee Chairman Adrian Smith, R-Neb., avoided answering directly a question about whether the Trump administration discouraged renewal back in 2019, but put forward an argument for GSP that could be attractive to politicians who want to make deals that favor the U.S. in trade. He referred to the fact that during hearings, witnesses have said that when GSP is in force, advocates for market opening or higher working standards are able to point to eligibility requirements for GSP to try to get changes in GSP beneficiary countries. "So I think it can be very useful, and I've seen indicators it can get a lot of support,” Smith said in a hallway interview. He said it wouldn’t surprise him if the new administration pushes for a higher rule-of-origin than the last version’s 35%, however.

As he always does, Smith said getting GSP done is possible in the near future. “I'm hoping there’s a strong chance for these trade policies, such as GSP, MTB, and a few others to get done yet this year. De minimis, AGOA—be nice to just wrap that up this year. I appreciate the support from many colleagues in this direction,” he said.

Smith pooh-poohed the idea of using tariffs as a pay-for in next year’s tax cut bill. “A successful tariff is one that would lead to a diminishing revenue source, so on that premise, I think it’s hard to build a budget off of a declining source of revenue. I would rather focus on pro-growth policies."

Beyer expressed hope that Ways and Means Democrats could have some voice in shaping the tax bill, given how narrow the margin will be in the House of Representatives. “They had a 27-vote margin when they passed [the Tax Cuts and Jobs Act, or TCJA], and it passed by three votes,” he said.

The final count in the House is not yet known, but it's expected to be 219-215 with one vacancy, or 220-214, depending on how the last two seats in California go. "People take better jobs, they resign, they die. At any given time, there's five or six people missing for cancer or whatever, strokes," Beyer said. He said he wants to preserve the higher standard deduction, he'd like to restore immediate depreciation, and he thinks there has to be an extension of the pass-through tax cut.

The TCJA made a cut of the corporate tax rate permanent from 35% to 21%; it made a cut in income taxes filed by partners in companies, so that pass-through income from those businesses that don't incorporate as C corporations could be taxed at 20%.

If Democrats were able to just block any tax law, that pass-through income would return to a marginal rate of 39.7% while C-corporations were taxed at 21%. "That's pretty penalizing," he said, though he acknowledged the S-corporations could convert into C-corporations to avoid the tax bite. — Mara Lee

Ways and Means Member Says GSP, AGOA Renewal Likely Before June 2025

Imports of frozen warmwater shrimp materially injure a U.S. industry, the ITC announced Nov. 19 at the conclusion of its antidumping (AD) and countervailing duty (CVD) investigation. The ITC reached this determination following a Commerce Department finding that imports from Indonesia are sold in the U.S. at less than fair value, and imports from Ecuador, India, and Vietnam are subsidized by their governments.

As a result, the Commerce Department will issue countervailing duty orders on frozen warmwater shrimp imports from Ecuador, India, and Vietnam and an antidumping duty order on those imports from Indonesia. The ITC's full report will be available to the public by Jan. 6.

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