EIB World Trade Headlines

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BIS Prioritized License Processing During Lapse in Appropriations

BIS NOTICE

During the lapse in appropriations, BIS and its interagency partners will prioritize review of license applications submitted through the SNAP-R system that are urgently required to protect U.S. national security and the safety of life and property (for example, exports in support of U.S. military operations and those of our allies and partners around the world).

To request expedited processing of your application, please note in the "Additional Information" block that priority processing is requested during a lapse in appropriations and include a brief justification for priority processing. You should also send an email to EmergencyLicense@bis.doc.gov for both new license submissions, as well as licenses previously submitted, with a justification for priority processing, noting any nexus to urgent U.S. national security priorities or the safety of life and property.

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Mass. manufacturers are on tenterhooks over tariffs

October 12, 2025

FALL RIVER — At a 19th-century cotton mill here, under an American flag hanging from the ceiling and not far from the old Honda motorbike at the door, workers at Vanson Leathers are designing, cutting, and stitching leather jackets. The jackets are cool enough to make a cameo at the Super Bowl half-time show, cool enough that the company describes motorcycle riders as its target customers.

The leather for the jackets comes mostly from upstate New York. But the textile materials are imported from India and sometimes China. The zippers come from a Japanese company that has a plant in Georgia.

"We say, 'Made in America of domestic and imported materials,'" said Mike van der Sleesen, Vanson's cofounder and president.

These days, that means tariffs have raised his costs, and made selling his high-end jackets abroad harder.

Almost nine months into President Trump's effort to make sure more goods are made in the United States, businesses that are already making things here are trapped in a dizzying gyre of uncertainty. With the Supreme Court set to decide whether many Trump tariffs are legal, all the known unknowns have many local businesses frozen.

"By and large, they're just not doing anything. They're not going to hire, they're not going to grow, they're not going to expand, they're not going to purchase," said Brooke Thomson, chief executive of the Associated Industries of Massachusetts, a century-old business group in the state. "It's sort of this paralysis. It's a wait and see."

The wild swings on tariffs have "impacted their ability, not just to purchase what they need from their suppliers, many of [whom] are overseas, but it has also impacted their ability to sell products in the marketplace," she said.

That's where van der Sleesen is. His suppliers keep changing their pricing, making it difficult for Vanson, a 50-year-old company, to price its products. For now, van der Sleesen has decided to hold back on raising them, concerned that doing so may lead to a loss in customers.

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NEWSLETTER NOTES

"Everything that comes from overseas is in turmoil. The whole supply chain is in flux," he said. "We've been absorbing [the costs] as there is a ceiling for what people are willing to pay."
https://www.bostonglobe.com/2025/10/12/metro/tariffs-manufacturers-massachusetts-economy/?rss_id=section_rss_full&s_campaign=bg:full:rss:section&et_rid=1876204030&s_campaign=metroheadlines:newsletter
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China's New Rare Earth and Magnet Restrictions Threaten U.S. Defense Supply Chains

October 9, 2025

In advance of President Donald Trump's upcoming visit to South Korea later this month—where he is expected to meet Chinese President Xi Jinping for the first time since 2019—China announced that it has expanded its restrictions on rare earth and permanent magnet exports. The Chinese Ministry of Commerce's Announcement No. 61 of 2025 implements the strictest rare earth and permanent magnet export controls to date. The move both strengthens Beijing's leverage in upcoming talks while also undercutting U.S. efforts to bolster its industrial base.

Q1: What is new about today's rare earth and permanent magnet export restrictions?

A1: The new export controls mark the first time China has applied the foreign direct product rule (FDPR)—a mechanism introduced in 1959 and long used by Washington to restrict semiconductor exports to China. The FDPR enables the United States to regulate the sale of foreign-made products if they incorporate U.S. technology, software, or equipment, even when produced by non-U.S. companies abroad. In effect, if U.S. technology appears anywhere in the supply chain, Washington can assert jurisdiction.

Under the measures announced today, foreign firms will now be required to obtain Chinese government approval to export magnets that contain even trace amounts of Chinese-origin rare earth materials—or that were produced using Chinese mining, processing, or magnet-making technologies. The new licensing framework will apply to foreign-produced rare earth magnets and select semiconductor materials that contain at least 0.1 percent heavy rare earth elements sourced from China.

Given China's dominance in the sector—accounting for roughly 70 percent of rare earth mining, 90 percent of separation and processing, and 93 percent of magnet manufacturing—these developments will have major national security implications.

Q2: What do the new restrictions mean for the defense and semiconductor industries?

A2: Rare earths are crucial for various defense technologies, including F-35 fighter jets, Virginia- and Columbia-class submarines, Tomahawk missiles, radar systems, Predator unmanned aerial vehicles, and the Joint Direct Attack Munition series of smart bombs. The United States is already struggling to keep pace in the production of these systems. Meanwhile, China is rapidly scaling up its munitions manufacturing capacity and acquiring advanced weapons platforms and equipment at a rate estimated to be five to six times faster than that of the United States.

The newly announced restrictions represent China's most consequential measures to date targeting the defense sector. Under the new rules, starting December 1, 2025, companies with any affiliation to foreign militaries—including those of the United States—will be largely denied export licenses.

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The Ministry of Commerce also made clear that any requests to use rare earths for military purposes will be automatically rejected. In effect, the policy seeks to prevent direct or indirect contributions of Chinese-origin rare earths or related technologies to foreign defense supply chains.

Even before these latest measures, the U.S. defense industrial base faced significant challenges and had limited production capacity and limited ability to rapidly scale to meet rising defense technology needs. The new restrictions will only deepen these vulnerabilities, further widening the capability gap and allowing China to accelerate the expansion of its military strength at a faster pace than the United States at a time when tension is rising in the Indo-Pacific region.

Additionally, export license applications for rare earth materials used in highly advanced technologies, including sub-14-nanometer semiconductors, next-generation memory chips, semiconductor manufacturing or testing equipment, will now be subject to case-by-case review by Chinese authorities. Companies will likely need to provide detailed documentation on end users, technical specifications, and intended applications before any export is authorized. The individualized review process gives Chinese authorities significant discretion to delay, deny, or condition exports, effectively introducing a new layer of strategic control over the global supply of rare earth inputs critical to advanced computing and defense technologies.

Q3: How is China tightening control over the outflow of its skills and technologies?

A3: Under the new measures, Chinese nationals are barred from engaging in or providing support for overseas projects involving rare earth exploration, extraction, processing, or magnet manufacturing unless they first obtain explicit authorization from Chinese authorities. By tightening control over the movement of expertise, China aims to prevent the outflow of proprietary technologies and know-how that have made it the global leader in rare earth mining and magnet production. These restrictions build on the rare earth processing technology export ban in December 2023.

Q4: Why are the new export restrictions likely a negotiation tactic?

A4: In its announcement, the Ministry of Commerce stated that China remains open to enhancing communication and cooperation with other countries through both multilateral and bilateral export control dialogues. The ministry emphasized that such dialogue seeks to promote compliant trade while protecting the security and stability of global industrial and supply chains.

Q5: How do these restrictions build on China's earlier rare earth export controls?

A5: The new measures mark a sharp escalation in Beijing's long-running strategy to weaponize its dominance in rare earths. China announced a ban on rare earth extraction and separation technologies on December 21, 2023. On April 4, 2025, the Ministry of Commerce introduced export restrictions on seven rare earth elements in retaliation for President Trump's new tariffs on Chinese goods.

Subsequent diplomacy offered only a temporary reprieve. During the May 11 talks in Switzerland, U.S. and Chinese officials agreed to a 90-day tariff truce, which included removing U.S. companies from China's trade blacklist and restoring their access to rare earth supplies. Yet stability proved short-lived: U.S. manufacturers soon began shutting down production amid ongoing shortages, as China delayed the issuance of export licenses despite not formally abandoning the deal.

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Tensions flared again when President Trump accused Beijing of backtracking on its commitments. Ultimately, on June 11, 2025, following two days of negotiations in London attended by U.S. Treasury Secretary Scott Bessent, both sides reached a new trade framework—but the episode underscored how Beijing's rare earth policy has evolved into a potent instrument of economic and geopolitical leverage.

Q6: What is the United States doing to build its rare earth and permanent magnet capabilities to reduce China's leverage?

A6: Noveon Magnetics is currently the only manufacturer of rare earth magnets in the United States. This week, Noveon Magnetics and Lynas Rare Earths announced a memorandum of understanding to establish a strategic partnership focused on building a scalable, domestic supply chain for rare earth permanent magnets in the United States.

In July 2025, as part of a landmark agreement, the Department of Defense (recently renamed the Department of War) invested $400 million in equity into MP Materials, making the U.S. government the company's largest shareholder. The deal also includes a 10-year price floor commitment of $110 per kilogram for MP Materials' NdPr (neodymium-praseodymium) products, designed to protect the commercial viability of the company amidst low prices stemming from Chinese overproduction. Additionally, the Department of War's Office of Strategic Capital (OSC) has extended a $150 million loan to expand MP Materials' Mountain Pass, California, facility, adding heavy rare earth separation capabilities to strengthen domestic processing capacity. MP Materials has also announced plans to build its second U.S. magnet manufacturing facility, known as the "10X Facility." The Department of War has entered into a 10-year offtake agreement for 100 percent of the facility's magnet output. It will take time to ramp up these capabilities. Until then, China retains a significant amount of leverage over supply chains crucial for national and economic security.

Gracelin Baskaran is director of the Critical Minerals Security Program at the Center for Strategic and International Studies in Washington, D.C.

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Notice: New USML Update and License Submission Errors

September 17, 2025

The latest version of the U.S. Munitions List (USML) went into effect on September 15, 2025, introducing updated categories and subcategories. Following these changes, some DECCS users have reported encountering error messages when submitting licenses. These errors are likely due to a mismatch between the USML values in licenses drafted *before* September 15, 2025, prior to the updated USML taking effect.

What This Means for You

If you have received the error message "*USML Category & Sub Category contained outdated version information. Update the USML Category and Sub Category to select from the latest USML version*." upon submission of a license in DECCS, please follow the steps below. Licenses created prior to the USML update need to be adjusted to match the new requirements. Please note, these steps apply to all licenses returning this error message, regardless of the USML categories included in the submission.

Steps to Resolve the Issue:

- Log out and log back into DECCS to refresh your session
- Create a copy of the license that is returning the error

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- Carefully review the selected USML categories to ensure they align with the updated version, along with the rest of the form and any attached files
- Resubmit the license

For additional guidance on copying a license, refer to the Consolidated Licensing Guide.

Need Help?

If the issue persists and the submission still returns an error, please contact our Help Desk at DDTCCustomerService@state.gov for further assistance.

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DDTC ALERT: Lapse in Appropriations

October 1, 2025

Due to a lapse in appropriations, services at the Directorate of Defense Trade Controls (DDTC) are significantly curtailed, including Defense Export Control and Compliance System (DECCS) submissions for registrations, licenses (including batch submissions), speaker requests, customer support, Advisory Opinions, and Commodity Jurisdiction determinations.

Effective October 6, 2025, all user permissions within DECCS will be adjusted to read-only access. DECCS users will be able to view their completed submissions, but will not be able to initiate or submit new requests.

Requests that were in process at DDTC as of September 30th, 2025, will remain in that status; however, further review of actions that do not fall under "excepted" functions will be delayed until funding is restored and normal operations resume.

"Excepted" functions that may continue during a lapse in appropriations include:

- Necessary to respond to emergencies involving the safety of human life or the protection of property
- Necessary for activities essential to national security, including the conduct of foreign affairs essential to national security.

Applicants who believe they have a submission "In-Review" or a new submission involving an excepted function may submit a DDTC Response Team request by emailing DDTCCustomerService@state.gov to create a support case. The subject line of your request MUST read "Request for Emergency Submission," and the message must include the relevant case number (if already pending with DDTC), applicant name and registration code, end-use/end-user (for licenses and agreements), and justification for needing an emergency license. DDTC will contact the requestor with guidance on how to proceed.

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Sweeping Sanctions on Iran's Energy Exports

October 9, 2025

Today, the Department of State is acting to deny the Iranian regime funds it uses to conduct its malign activity. We are sanctioning approximately 40 individuals, entities, and vessels involved in the trade of Iranian energy products that generates hundreds of millions of dollars of revenue for the Iranian regime. These designations include some of the largest buyers of Iranian petrochemical products by volume and value, as well as the leadership of the companies involved in that trade. The Department is also designating a China-based liquid petrochemical products terminal and multiple shadow fleet operators and vessels.

Concurrently, the Department of the Treasury is sanctioning over 50 individuals, entities, and vessels involved in exporting Iranian petroleum and liquefied petroleum gas (LPG) to global markets.

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Treasury is designating a network of actors that facilitate hundreds of millions of dollars in LPG shipments, a China-based crude oil terminal, and a Chinese refinery purchasing Iranian oil. These actions aim to disrupt funding for Iran's regime and its military activities that threaten the United States and regional allies.

The Trump Administration continues to vigorously implement and enforce all U.S. sanctions on Iran as part of its maximum pressure campaign. So long as Iran attempts to generate oil revenues to fund its subversive activities, the United States will act to counter and to promote accountability for Iran and its partners in sanctions evasion.

Today's actions are being taken pursuant to Executive Order (E.O.) 13902, which targets those operating in certain sectors of the Iranian economy, as well as E.O. 13846, which targets Iran's petroleum and petrochemical sectors. This action further targets Iranian oil sales in support of the President's National ***Security Presidential Memorandum 2*** *(NSPM-2). This is the fourth sanctions action of this administration targeting China-based refineries that receive Iranian oil, and it builds on actions in* ***July*** *and* ***August*** *targeting key enablers of Iran's oil exports. For more information, please see Treasury's* ***Press Releases*** *and* ***State's Fact Sheet****.*

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President Trump Truth Social Post

October 11, 2025

It has just been learned that China has taken an extraordinarily aggressive position on Trade in sending an extremely hostile letter to the World, stating that they were going to, effective November 1st, 2025, impose large scale Export Controls on virtually every product they make, and some not even made by them. This affects ALL Countries, without exception, and was obviously a plan devised by them years ago. It is absolutely unheard of in International Trade, and a moral disgrace in dealing with other Nations.

Based on the fact that China has taken this unprecedented position, and speaking only for the U.S.A., and not other Nations who were similarly threatened, starting November 1st, 2025 (or sooner, depending on any further actions or changes taken by China), the United States of America will impose a Tariff of 100% on China, over and above any Tariff that they are currently paying. Also on November 1st, we will impose Export Controls on any and all critical software.

It is impossible to believe that China would have taken such an action, but they have, and the rest is History. Thank you for your attention to this matter!

DONALD J. TRUMP

PRESIDENT OF THE UNITED STATES OF AMERICA

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Understanding IT, Cybersecurity, and Compliance: Building a Cybersecurity Program Over Time

October 23, 2025

Understanding IT, Cybersecurity, and Compliance: Building a Cybersecurity Program Over Time

Virtual • 1:00 - 2:00pm • Free

https://vmec.org/events-posttype/understanding-it-cybersecurity-and-compliance-building-a-cybersecurity-program-over-time/?edate=1761177600

What are Trump's tariffs on individual countries?

BBC

A patchwork of different rates is in place. Together they have lifted the average US tariff from less than 2.5% at the start of 2025 to more than 18%, according to analysts.

Many tariffs stem from Trump's announcement in April that a "baseline" of 10% would apply to imports from all countries. Nations considered the "worst offenders" would face higher rates, as payback for unfair trade policies.

New tariff rates for dozens of countries were introduced in August, after delays to allow for trade talks. They include:

- 50% tariffs on Indian goods - including a 25% penalty for trade with Russia
- 50% tariffs on Brazilian goods
- 30% tariffs on South African goods
- 20% tariffs on Vietnamese goods
- 15% tariffs on Japanese goods
- 15% tariffs on South Korean goods

Negotiations continue with a number of countries, including America's top three trading partners - which have all been warned that they would face particularly high tariffs: **China and the US** had threatened tariffs of more than 100% on each other's goods, but have extended a truce until November. This will allow time for further discussions about "unfair trade practices" and to address national security issues, the White House said. However, on 14 October, the two countries started charging new port fees to each other's ships

- **Canada** - which had faced tariffs of up to 35% - and the US are also continuing their negotiations. Canadian Prime Minister Mark Carney said his country would drop some retaliatory tariffs to "re-establish free trade for the vast majority" of goods

- **Mexico** was given a reprieve on tariffs of 30% or more until the end of October, to allow time

Which goods are affected by Trump's tariffs?

Some taxes announced by Trump are on particular products, wherever they are made.

These include:

- 100% tariff on branded or patented drugs (unless a company is building a factory in the US)
- 50% tariff on steel and aluminium imports (except for those from the UK)
- 50% tariff on copper imports
- 50% tariff on kitchen and bathroom cabinets and some furniture
- 25% tariff on most foreign-made cars, engines and other car parts
- 25% tariff on all heavy-duty trucks

MORE INFO HERE:

https://www.bbc.com/news/articles/cn93e12rypgo

MISSION STATEMENT:

Given the geopolitical state of affairs with China, Russia, and Crimea, the Occupied territories of UKRAINE, Donetsk and Luhansk Oblast, embargoed countries and other specific threatening end users and entities, located in the United States and around the globe;

Evolutions in Business and the companies we serve, armed with robust compliance to the Export Administration Regulations, will adhere to best practices to protect our revenue and yours, and ensure the national security interests of the United States.