

Biden's Worker-Centered Trade Policy

President-elect Biden envisions a “worker-centered” trade policy that recognizes the impact of trade not just on companies, but also on individuals and communities, his nominee for US Trade Representative Katherine Tai said yesterday.

“We will use trade, in coordination with both international and domestic economic tools – to create a more inclusive prosperity for America and for Americans,” Ms. Tai said in video remarks to a conference sponsored by the National Foreign Trade Council. It was the first time she has spoken publicly since her nomination.

“The President-Elect’s vision is to implement a worker-centered trade policy,” Ms. Tai continued. “What this means in practice is that US trade policy must benefit regular Americans, communities, and workers. And that starts with recognizing that people are not just consumers – they are also workers, and wage earners.”

Trade is not just about lower prices to consumers provided by imports, but also the good jobs and wages that come with exporting, she said.

If confirmed, Ms. Tai will be making a return to USTR, where she served as a lawyer with a focus on China trade issues. She will be leaving her position as chief trade counsel to House Ways and Means Committee Chairman Richard Neal (D-Mass).

USMCA

In that position, Ms. Tai gained respect from lawmakers, business and labor groups for her work in crafting a new version of the often-criticized North American Free Trade Agreement. Its replacement – the US-Mexico-Canada Agreement – won bipartisan support for its inclusion of worker rights and environmental protection provisions.

In her brief remarks, Ms. Tai called the USMCA one of the few “significant accomplishments” of recent years. “As a replacement for a 25-year-old trade agreement that started the erosion of US political support for trade, the USMCA is notable for incorporating groundbreaking labor and environmental provisions, including enforcement mechanisms that address longstanding wounds and grievances suffered by regular working people,” she said.

The Administration and Congress must “continue to tend to this agreement; to nurture what is working, and to correct course when parties falter and stray from old and new commitments,” she added.

AFL-CIO President Richard Trumka separately told reporters yesterday that the union plans to file two complaints under the USMCA about Mexico’s failure to live up to the agreement’s labor standards as soon as Mr. Biden takes office.

Ms. Tai touched briefly on troubled US trade relations with China, “whose economy is directed by central planners who are not subject to the pressures of political pluralism, democratic elections, or popular opinion.”

Tariffs Need Review, Rep. Murphy Says

The incoming Biden Administration should review the Section 301 tariffs imposed on China by the current White House, although it will be politically difficult to end them, Rep. Stephanie Murphy (D-Fla) said yesterday.

President-elect Biden has said he intends to keep the tariffs in place while they are reviewed.

Ms. Murphy suggested the new Administration to take a look at whether the tariffs have imposed more hardship on US consumers and businesses than on China. The review also should examine whether the tariffs are changing Beijing's unfair trade practices.

In the case of the Section 232 national security tariffs imposed by the Trump White House on imported steel and aluminum, Rep. Murphy said she hopes Mr. Biden chooses to adjust or eliminate them.

The Trump Administration made major mistakes in its effort to deal with China, she said during the first day of the National Foreign Trade Council's annual conference. Instead of working with allies, the Administration isolated itself in the misguided belief it could get a better trade deal with China on its own.

While going it alone on China, the White House opened a multi-front trade war with US allies. It also undermined the World Trade Organization, instead of using it to address China's unfair trade practices.

President Trump's decision to unilaterally withdraw from the TransPacific Partnership was a "missed opportunity" for the United States to join with Asia Pacific countries to better compete against China. "If we're serious about competing with China, the Biden Administration needs to consider the TPP or something along those lines," she said.

R-32 from China Beijing Dumped

The Commerce Department announced yesterday its affirmative final determination that imports of difluoromethane (R-32) from China are being dumped in the US market at less-than-fair value.

Exporters from China have dumped R-32 in the United States at rates ranging between 161.49 percent to 221.06 percent, Commerce said.

The petitioner – Arkema Incorporated – estimated that imports of R-32 from China were valued at approximately \$21.5 million in 2018.

The International Trade Commission is currently scheduled to make its final injury determination around February 25. If the ITC makes an affirmative final injury determination, Commerce will issue an AD order. If the ITC makes a negative final determination of injury, the investigation will be terminated, and no order will be issued.

Around the Globe

- The UK will try to add new provisions on climate change and environmental standards in US trade negotiations in a bid to woo incoming President Joe Biden. Trade secretary Liz Truss wants to build on current negotiations with the Donald Trump administration and potentially add things like enhanced protections on air pollution and corporate transparency on climate change to coax Biden's team to the negotiating table.

Trade negotiations are in "advanced stages", more than 50 per cent of the deal is believed to be completed, with the trade secretary previously declaring her aim was to get a deal done by June. Boris Johnson has emphasized his government's green credentials, and role as host of the Cop 26 United Nations Climate Change Conference this year, in early talks with Biden to try and forge a strong relationship with the President-elect.

Alok Sharma reportedly left his job as business secretary last week to focus solely on running Cop 26, after Biden's team told Johnson that more needed to be done to prepare for the landmark conference. Any bid to beef up environmental protections in UK-US trade talks will be seen as an extension of this effort to get close to Biden. A senior International Trade Department source said "it's no secret that we need to tick key political boxes to get a deal over the line with Biden" and that "the environment and climate change definitely will tick those boxes".

Biden appointed Katherine Tai as his new US Trade Representative last month, but it will take at

least a couple of months for her to get confirmed by the US Senate. Truss and other trade ministers have not yet had any contact with Tai, but are hoping to travel to the US to meet her shortly after she is confirmed by the Senate.

Some of the key areas in negotiations are US agricultural exports, digital and financial services and visa access for businesspeople traveling in either direction. A source close to Truss said: “The deal is at a stage where it can be adapted to the new administration and there’s particular scope to go further in environment and climate change now. We have a very good relationship with US officials, the SME chapter is ready to go and we really are in advanced stages of negotiations.”

- Reuters news service reported that the European Parliament kicked off a two-month review on Monday of the EU-UK trade agreement struck on Christmas Eve, promising to “properly scrutinise” the deal even if it is almost certainly bound to approve it. Christophe Hansen, one of the lawmakers charged with steering the deal through parliament, said he regretted that the agreement had been rushed through before a full review.

Britain, he said, had driven negotiations to the very last moment in the hope of extracting concessions and so as to deprive lawmakers there a proper say. “We want to properly scrutinise this agreement. The UK, the House of Commons, did it in less than a day,” the Christian Democrat from Luxembourg told the European Parliament’s trade committee. “We have to make clear that this provisional application, which is not what the parliament wants, that this will not be a precedent for any future agreements,” he continued.

The provisional application lasts until February, although the EU parliament has said it should be extended to allow it to vote in mid-March. It is almost certainly expected to back the deal, given the alternative is a ‘no deal’ with the imposition of tariffs.

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On the Web.....

Agriculture

European Union. Agriculture Department Foreign Agricultural Service Global Agricultural Information Network report on the European Commission's roadmap for upcoming revision of food labeling requirements. (Available at: <http://www.gain.fas.usda.gov>) issued: 1/12/21.

European Union. Agriculture Department Foreign Agricultural Service Global Agricultural Information Network report on the priorities of the Portuguese presidency of the European Union. (Available at: <http://www.gain.fas.usda.gov>) issued: 1/12/21.

India. Agriculture Department Foreign Agricultural Service Global Agricultural Information Network report on India's subsidies to its domestic ethanol distillers. (Available at: <http://www.gain.fas.usda.gov>) issued: 1/12/21.

Japan. Agriculture Department Foreign Agricultural Service Global Agricultural Information Network report on Japan's new requirement for catch documents for imports of vulnerable marine species. (Available at: <http://www.gain.fas.usda.gov>) issued: 1/12/21.

China

Economic Reform. Rhodium Group Winter 2021 dashboard on the status of China's economic reform. (Available at: <https://rhg.com/research/the-china-dashboard-winter-2021/>) issued: 1/12/21.

Hong Kong

Trade Preferences. Congressional Research Service sidebar on the legal framework and implications of revoking Hong Kong's

preferential trade status. (Available at: <https://crsreports.congress.gov/product/pdf/L/SB/LSB10488>) issued: 1/12/21.

Imports

China. Commerce Department antidumping determination on difluoromethane (R-32) from China. (Available at: <http://www.trade.gov>) issued: 1/12/21.

Trade Policy

Biden Administration. Remarks by US Trade Representative nominee Katherine Tai on President-elect Biden's trade policy. (Available at: <https://buildbackbetter.gov/speeches/keynote-remarks-as-prepared-for-delivery-by-ustr-designate-katherine-tai-at-the-national-foreign-trade-council-foundation-virtual-conference-and-awards-ceremony/>) issued: 1/12/21.