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U.S. Trade Developments

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VOICE



REPRESENTATION



EXPERTISE



ENGAGEMENT

Our Discussion Today

- A new Administration
- World Trade Organization
- Free trade agreements & bilateral negotiations



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Biden Priorities

- COVID pandemic
- Stimulus package & infrastructure development
- Climate change – re-entering Paris Climate Agreement
- Extend Affordable Care Act
- Regulatory reviews
- Foreign policy – re-entering multilateral agreements
- Expect Executive Orders



Trump on Trade

- Unilateral pressure on China
- Preference for bilateral agreements
- Pushed for WTO overhaul
- Increased pressure on EU
- Tariffs served as “go-to”
- High priority



Under Biden: Trade Priorities Will Shift

- Be more predictable
- “Fix” relationships
- Keep tariffs on Chinese goods, but use coalition approach
- Unclear if trade agreements will be prioritized
- Shift to multilateral agreements



Key Cabinet Positions for Ag

- Biden intends to assemble a Cabinet “diverse in both ideology & background”
- Former Sec Tom Vilsack will play a selection role
- USDA
 - **Heidi Heitkamp**, Krysta Harden, Chellie Pingree, Kathleen Merrigan, **Marcia Fudge**, Michael Scuse, **Cheri Bustos**, Beth Ford
- EPA
 - Mary Nichols, Heather McTeer, Jay Inslee
- USTR
 - Ron Kind, Darci Vetter



WTO

- Doha Round stalled
- Reform needed
- U.S. actively blocking WTO appellate body
- Director general challenges
 - U.S. ag industry shared desired qualifications
 - WTO prepared to appoint former Nigerian Finance Minister Ngozi Okonjo-Iweala
 - U.S. govt opposed; backed South Korean Trade Minister Yoo Myung-hee



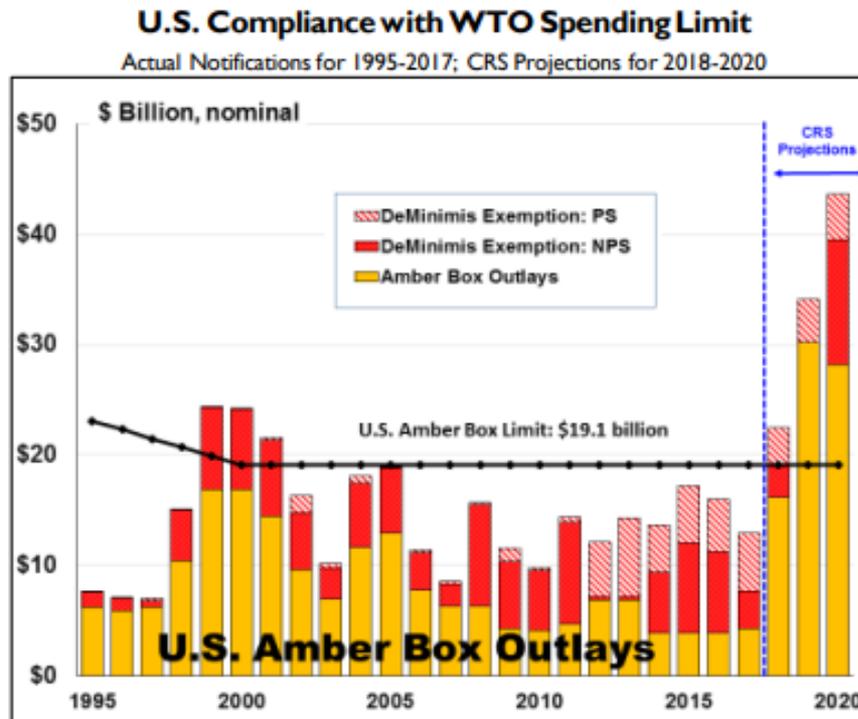
WTO Reform

- U.S. proposes to reform criteria for special & differential treatment
- Divisive issue
- Critical to addressing negotiation paralysis
- Next director general will be key to its success



WTO Challenge Brewing

- U.S. ag. domestic support for 2019-20 likely to surpass WTO limits by \$10B
- If temporary, US may avoid adverse ruling or retaliation
- One of Biden's first ag challenges



Source: Data for 1995-2017 are from official USDA notifications to the WTO. Data for 2018-2020 are compiled by CRS from USDA spending projections supplemented by other sources cited in the text and based on historic notification and exemption trends.



Bilateral Trade Agreements & Negotiations

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China Phase One Agreement

Market access for:

- Poultry & poultry products
 - Signed regionalization protocol for HPAI & Newcastle Disease
 - New pet food facility reg. protocol
- Feed additive, pre-mix & compound feed transparency
 - For product registration/renewals
 - For facility registrations



China Phase One Agreement

- Phase one implementation should lead to tariff reductions
- Purchases of agricultural products are essential to success



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China Phase One Results So Far



Source: U.S. Census

- China purchased \$23.6B worth of U.S. farm commodities (*goal* = \$36.5B)
 - First rice sales shipped last week
 - Corn, soybeans, sorghum, pork, beef, pet food, alfalfa, pecans, peanuts
- 50 of 57 technical commitments completed

China Looking Forward

- Biden unlikely to lift tariffs quickly
- Likely to demand concessions similar to Trump's
 - Curbing subsidies to state controlled enterprises
 - End forced transfer of technology
 - Opening digital services markets
 - Address IP theft
- Policy concerns
- Likely to work in country coalitions



United Kingdom

- Brexit effective – Jan. 31, 2020
- Fifth round of talks concluded
- Jan. 1 is deadline for a hard exit
- Biden has indicated that if the UK opts for no deal & withdraws from the Northern Ireland protocol, there will be no U.S. trade deal
- An opportunity to make inroads in Europe
- Feed industry issues: biotechnology, science-based standards, cont'd govt. interaction post-deal



Kenya

- Highlighted by Trump admin. as potential trading partner/template for other African country negotiations
- Status
 - 2nd round underway; anticipated to conclude Nov. 12
 - Subsequent round scheduled in December now uncertain
- Will Biden continue interest?
- AFIA exploring other opportunities in Africa



USMCA



All about enforcement

- Labor enforcement and funding
- Auto rules
- Dairy provisions

India

- Mini deal – could provide access for ag
- India has signaled it is ready to sign
- Potential for full FTA



Japan

- Phase 1 completed, but controversial
- Phase 2 would address SPS issues



Brazil

- Unlikely in the next few years
- Agreement on Trade and Economic Cooperation updated



European Union



- Becoming very unlikely
- Contentious issues include lobsters, civil aircraft disputes & U.S. complaints over EU's farm to fork policy & geographic indicators
- Biden will likely begin reviewing tariffs on EU goods for removal

Trade Promotion Authority

- Gives Congressional authority to the President to negotiate
- Expires July 1
- Last renewal took eight years





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Questions?



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