

Trade Policy Landscape

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February 25, 2020

2016 Presidential Campaign & Trade

Candidate Trump --

North American Free Trade Agreement (NAFTA)

"NAFTA is the worst trade deal maybe ever signed anywhere, but certainly ever signed in this country." (2016 Presidential debate)

World Trade Organization (WTO)

"Then we're going to renegotiate or we're going to pull out." "These trade deals are a disaster... The World Trade Organization is a disaster."

Trans-Pacific Partnership (TPP)

"The Trans-Pacific Partnership is another disaster...just a continuing rape of our country."

USMCA



- 🛡️ **May 2017 – Trump Administration notifies Congress of intent to renegotiate NAFTA**
- 🛡️ **Sept. 30, 2018 – U.S. reaches agreement with Canada and Mexico on updated NAFTA**
- 🛡️ **Nov. 30, 2018 – Revised NAFTA signed by U.S., Mexico, and Canada; called U.S. –Mexico- Canada Agreement (USMCA)**



USMCA

- 🏆 **May 30, 2019 - Trump removes section 232 steel & aluminum tariffs on Canada and Mexico; both countries remove retaliatory tariffs, many on agriculture products**
 - 🏆 **Removes major impediment to USMCA support for several business sectors and Members of Congress**
- 🏆 **June 19, 2019 – Mexican Congress ratifies USMCA (114-4); first country to approve USMCA**
- 🏆 **Dec. 17, 2019 – House convincingly approves USMCA (385-41)**
- 🏆 **Jan. 16, 2020 – Senate passes USMCA (89-10)**
- 🏆 **Jan. 29, 2020 – Trump signs USMCA**

USMCA

December 17th – House Approves USMCA (385-41) in last vote of 2019

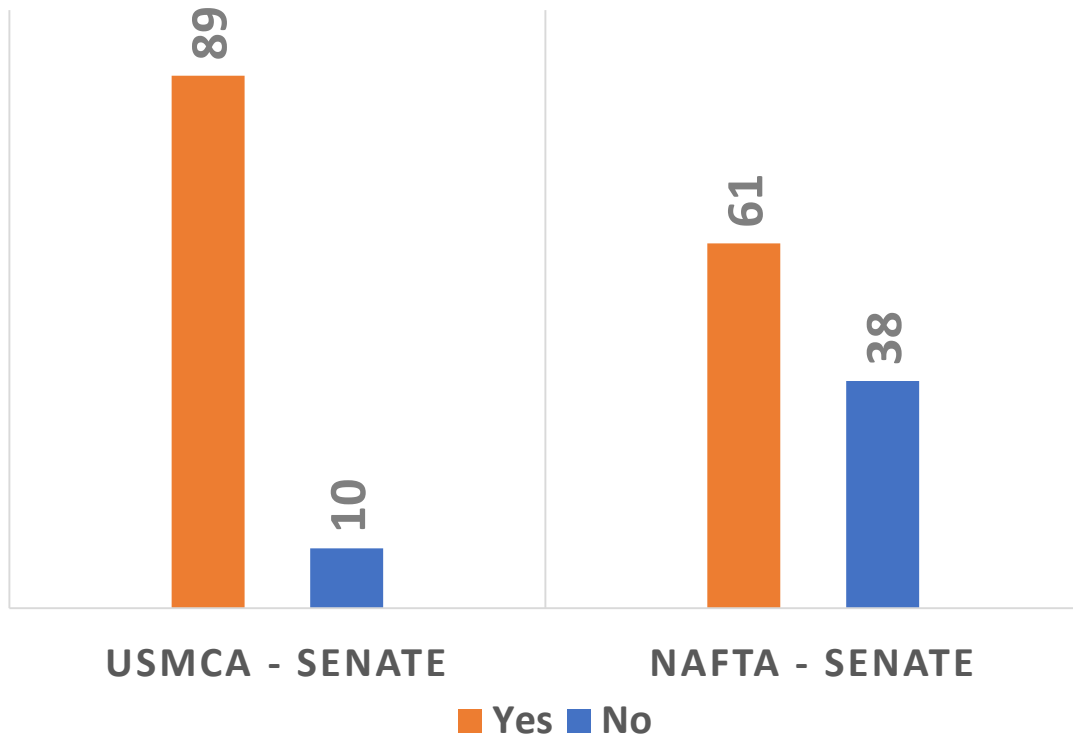
- Historic margin – 344 in favor and first trade agreement supported by labor in 20 years



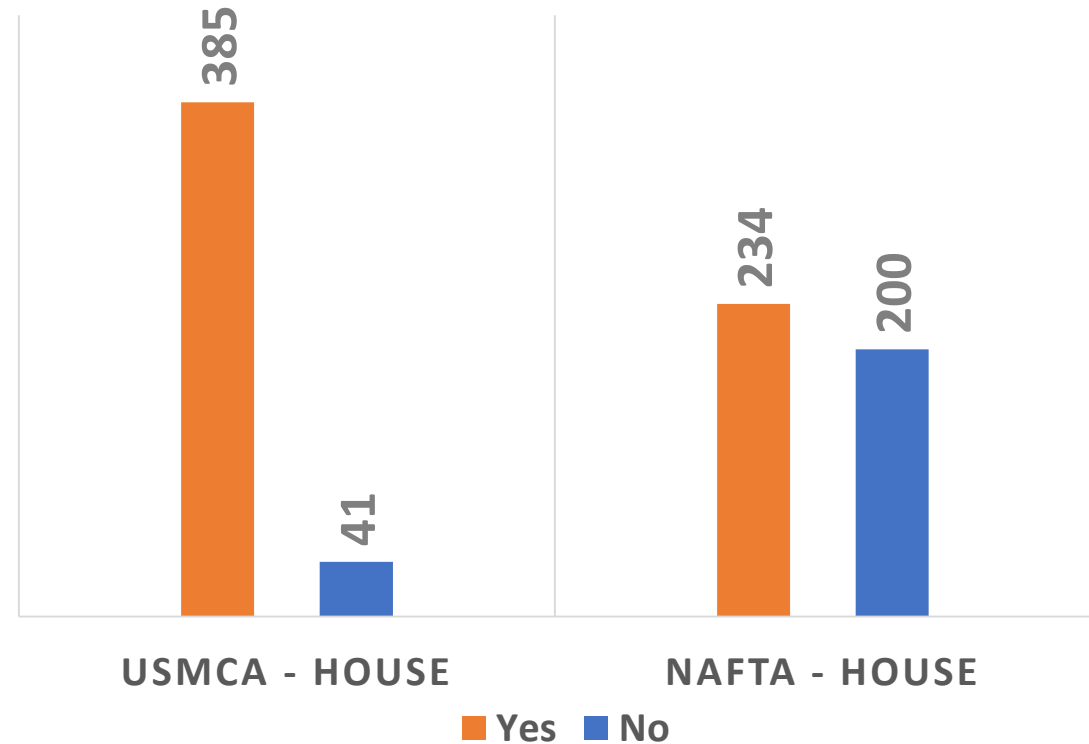
USMCA

- USMCA passes House and Senate with strong bipartisan support

SENATE VOTE: USMCA VS NAFTA



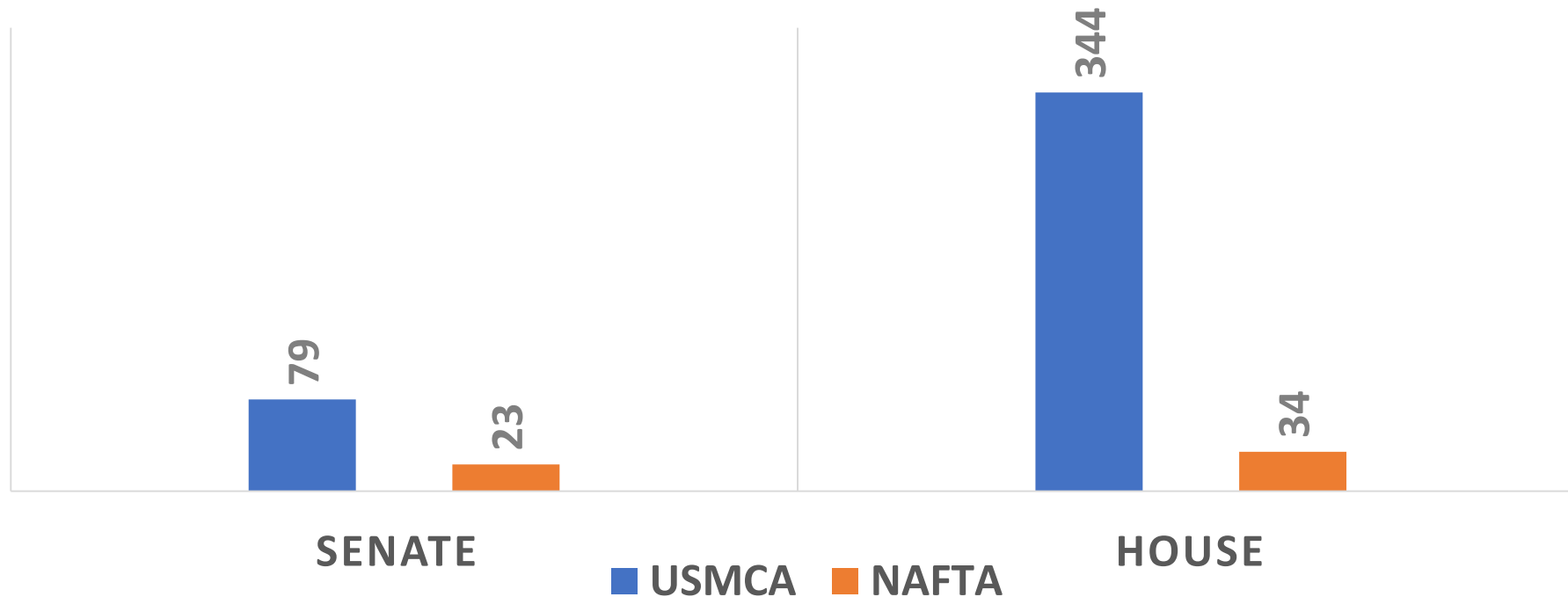
HOUSE VOTE: USMCA VS NAFTA



USMCA

- Robust support for USMCA
- House USMCA margin 344 votes vs only 34 votes for NAFTA
- Senate USMCA margin 79 vs 23 for NAFTA

VOTE MARGIN: USMCA VS. NAFTA

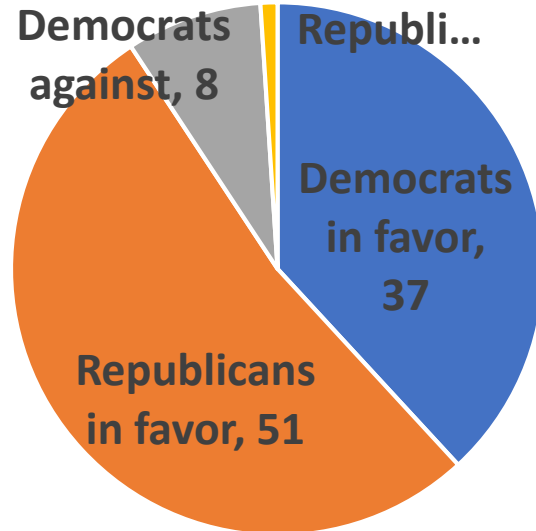


USMCA

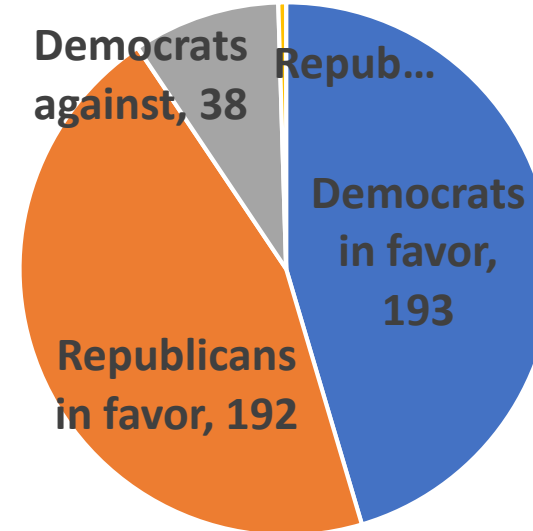
USMCA vote margins far exceed NAFTA

- House Democrats – USMCA 83.5% (193) vs NAFTA 40% (102)
- House Republicans – USMCA 99% (192) vs NAFTA 75% (132)

USMCA: Senate Democrat and Republican Votes



USMCA: House Democrat and Republican Votes



USMCA

USMCA Status?

- 🛡️ Canadian Parliament vote expected March/April
- 🛡️ All three countries “certify” prepared to meet the obligations outlined in USMCA via exchange of letters
- 🛡️ USMCA entry into force projected for summer 2020

🛡️ USMCA Takeaways?

- 🛡️ USMCA model for more bipartisan support on Trade Agreements?
- 🛡️ Revising existing Trade Agreements more or less complicated?
- 🛡️ Labor, Environment, Enforcement most continuous provisions in USMCA. How will next trade agreements handle expanding interest in these areas, such as climate change?

Japan






U.S. – Japan Phase One Deal

Japan

-  Trump withdraws from Transpacific Partnership (TPP), 3rd day in office
-  TPP ratified in other 10 countries – renamed CPTPP
-  Japan concludes trade pact with EU; shifts U.S. competitive position

U.S.

-  USTR notified Congress intent to enter negotiations (Sept. 26, 2018)
-  USTR solicited public comment on negotiation objectives (Nov. 26, 2018)
-  USTR Issued negotiation objectives (Dec. 2018)

Japan

- 🛡️ **Trump and Abe sign trade agreement (phase one) in Sept. 2019; lowering tariffs for agriculture, manufactured goods, and digital trade**
 - 🛡️ **Lowers or eliminate tariffs on many agriculture products**
 - 🛡️ **USTR reports agreement regains 90% of agriculture market access provision in Japan formerly afforded under TPP**
 - 🛡️ **Congressional approval not required, though Japan's Diet must approve**
- 🛡️ **Phase one agreement enters into force Jan. 1, 2020**
- 🛡️ **Phase two negotiations start as early as May 2020 (4 months later)**
 - 🛡️ **Phase two – expectations for “comprehensive” agreement; requires Congressional approval**
 - 🛡️ **Complex tariff and non-tariff issues remain, agriculture and other sectors**

Japan



U.S. – India Mini-Deal?

- 🛡️ **Trump revokes India Generalized System of Preferences (GSP) benefits; \$6.4 billion preferential access to U.S. market (June 5, 2019)**
- 🛡️ **India seeking reinstatement of GSP Benefits/U.S. wants reciprocal \$6.4 billion in market access.**
- 🛡️ **Trump scheduled to visit India and Prime Minister Modi (Feb. 23-24, 2018)**
- 🛡️ **Trump hints mini-deal in short term; comprehensive deal later**
 - 🛡️ **"We can have a trade deal with India, but I'm really saving the big deal for later on" (Feb. 19, 2020)**

China



U.S. – China Phase One Agreement

- 🛡️ **After 13 Rounds of Negotiations; 31 meetings on ag issues, Trump and Liu He sign Phase One agreement, full text released (Jan. 15, 2020)**
- 🛡️ **Agreement calls for \$200 billion in Chinese purchases of U.S. agriculture (\$40-50 billion), energy, and industrial good over two years**
- 🛡️ **Agreement contains 50 agriculture-related commitments, including biotech reform**
- 🛡️ **Agreement covers IP protections, currency, financial services**
- 🛡️ **Phase One Agreement enters into force amidst spreading coronavirus that could impact China's ability to meet purchase commitments (Feb. 14, 2020)**
- 🛡️ **USTR announces new office to monitor and coordinate phase one enforcement (Feb. 14, 2020)**

China



U.S. – China Phase One Agreement – Next Steps?

- 🛡️ **Questions regarding China’s ability to meet \$200 billion purchase commitments, \$40-50 billion in agriculture products**
- 🛡️ **Impact on coronavirus on China’s ability to implement obligations in short term**
- 🛡️ **Timing of Phase two negotiations; address state-owned enterprises, subsidies, other complex structural issues.**
- 🛡️ **Section 301 and China’s retaliatory tariffs not covered**

World Trade Organization Reform



Dispute Settlement – Appellate Body (AB)

- 🛡️ **U.S. longstanding concerns with WTO, since Bush Administration**
 - 🛡️ **issuing advisory opinions beyond original AB mandate**
 - 🛡️ **considering its rulings precedent,**
 - 🛡️ **failing to meet 90-day deadlines for reports, and**
 - 🛡️ **former panelists to continue working on cases past their terms**
- 🛡️ **Trump threatened to withdraw from WTO**
- 🛡️ **Administration seeking reform; continues blocking (re)appointment of AB panelist**
- 🛡️ **AB dwindles to one panelist, losing quorum, dissolves (Dec. 10, 2019)**
- 🛡️ **USTR issues 174-page report detailing failures of AB (Feb. 11, 2020)**

2020 Trade Calendar

- 🏆 **Feb. 28:** USTR releases President's Trade Agenda
- 🏆 **Mar. 3:** Super Tuesday – 14 States hold Democratic Presidential Primary (over 1/3 of delegates)
- 🏆 **April 20-21:** Asia Pacific Economic Cooperation (APEC) forum in Malaysia.
- 🏆 **May 15-26:** OECD Annual Meeting in Paris (Amb. Lighthizer attend?)
- 🏆 **June 8-11:** The WTO 12th Ministerial Conference in Kazakhstan.
- 🏆 **July 13-16:** The Democratic primary convention in Milwaukee, WI.
- 🏆 **August 24-27:** The Republican primary convention in Charlotte, N.C.
- 🏆 **September 15-30:** 75th annual United Nations General Assembly
- 🏆 **October 5:** G-20 leaders meet in Riyadh, Saudi Arabia
- 🏆 **November 3:** U.S. Presidential Election