



MONUMENT ADVOCACY TRADE UPDATE July 27, 2020

Hearings

Congress was busy on the trade front last week, with several hearings of note.

First, the Senate Finance Committee held a confirmation hearing on the nomination of [Michael Nemelka](#) to be the Deputy United States Trade Representative. A number of topics were covered, for example: on China, Mr. Nemelka pledged to concerned members that he would work hard to guarantee that China fulfills its commitments on the phase-one trade deal, and affirmed USTR's commitment to protecting U.S. intellectual property protection. On USMCA, he stated that the U.S. could take enforcement actions against Mexico or Canada as soon as this fall. Other items of note included a discussion on the need to remove the U.K.'s digital services taxes during trade negotiations, as well as USTR's hope that discussions with Kenya will serve as a model for future trade agreements in Africa. More can be seen [here](#)

Later in the week, the House Ways and Means Trade Subcommittee held a hearing titled "Trade, Manufacturing, and Critical Supply Chains: Lessons From COVID-19." Discussions centered largely on the need to find ways to produce personal protective equipment and other medical goods back to the U.S., with solutions ranging from tax incentives, grants and enhancement of procurement and trade policies. More can be seen [here](#)

Upcoming hearings of note include:

July 28: Senate Finance- "Protecting the U.S. Medical Supply Chain- Part One"

July 29: Senate Finance- "WTO Reform: Making Global Rules Work for Global Challenges"

July 30: Senate Finance - "Protecting the U.S. Medical Supply Chain- Part Two"

July 30: Senate Commerce, Subcommittee on Security: "The China Challenge: Realignment of U.S. Economic Policies to Build Resiliency and Competitiveness"

Executive Orders

Late on Friday, the president issued several executive orders aimed at lowering drug prices- including allowing certain drugs to be imported from Canada, as well as tying some Medicare drug prices to those paid in other countries with significantly lower list prices —the so-called "international pricing index." While the orders are unlikely to take effect anytime soon -if at all- these types of issues will continue to play out in the campaign in the months ahead.

Negotiations

USMCA: All Democrats on the Ways and Means Committee, along with those who served on the USMCA working group, signed a letter last week to USTR Robert Lighthizer and Labor Secretary Eugene Scalia, outlining their concerns that funds appropriated to implement the agreement are not being used in a manner consistent with the “spirit” of the deal. The letter specifies that resources provided to the Labor Department’s Bureau of International Labor Affairs via the USMCA implementing bill “are not being used as intended.” As labor issues were front and center for Democrats during negotiations of this deal, we should expect robust oversight by committee members in the months ahead. A copy of the letter is attached.

U.S./U.K.: The next round of trade negotiations between the U.S. and U.K. begins on July 27, but issues making the talks more difficult have already presented themselves. For example, both the Chairman and Ranking Member of the Senate Finance Committee said last week that the United Kingdom’s imposition of a digital services tax “unnecessarily complicates” the negotiations and urged Downing Street to “reconsider this punitive action.” Separately, but of note, some congressional staff who are following these talks closely are also skeptical of the U.K.’s capacity to truly focus on this potential agreement considering the multiple other negotiations they have recently entered.

Kenya: The U.S. and Kenya have tentatively paused negotiations over concerns the Kenyan trade team has been exposed to COVID. This comes two weeks after both sides began talks on a free trade agreement.

India: Momentum seems to be building for an initial limited deal with India, with USTR Lighthizer speaking recently to his Indian counterpart on the subject which both sides described as “positive.” Such a deal is expected to address issues like Indian price controls on medical devices, agricultural market access and certain non-tariff barriers.

