



MONUMENT ADVOCACY TRADE UPDATE

August 10, 2020

U.S./China

With U.S./China tensions rising by the week, representatives from the two countries will meet on August 15th to discuss the bilateral trade relationship and examine China's compliance with the Phase One trade deal that went into effect in February. Ambassador Lighthizer will meet - virtually- with Chinese Vice Premier Liu He. This comes on the heels of several actions taken by the administration that the Chinese have found antagonistic, to say the least- including executive orders placed on [TikTok](#) and [WeChat](#) as well as a Treasury Department [proposal](#) stating that Chinese companies with shares traded on US stock exchanges should be forced to give up their listings unless they comply with US audit requirements.

Medical Supply Chains

The Administration finally released its long-rumored [executive order](#) on medical supply chains last week, requiring that certain "essential" drugs and medical supplies purchased by the federal government be manufactured domestically. In announcing the order, the president declared "We cannot rely on China and other nations across the globe that could one day deny us products in a time of need." However, the administration has yet to fill in key details of the plan. While the Food and Drug Administration will be required to develop a list of the essential medicines that will be covered under the order, questions remain on the timing, how it will operate, and how such an order adheres with existing international commitments and US law.

Aluminum Tariffs

Late last week the Trump administration [announced](#) that it will reimpose 10% tariffs on certain aluminum products from Canada. The two countries had reached a deal last year to lift tariffs on steel and aluminum imports that had been imposed on grounds of "national security"- but the president on Thursday said: "My administration agreed to lift those tariffs in return for a promise from the Canadian government that its aluminum industry would not flood our country with exports and kill all our aluminum jobs, which is exactly what they did." Imports of Canadian aluminum have indeed risen since the tariffs were lifted last year- which is to be expected- but they remain below levels seen with the last several years. Unsurprisingly, the Canadian government has strenuously objected, and will apply tariffs on approximately \$2.7 billion worth of U.S. aluminum and aluminum-containing products in [response](#).

U.S./U.K. Trade Negotiation

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The third round of negotiations between the U.S. and U.K. continued last week, and while both sides have been bullish at times about a quick deal, public statements now show more caution- Ambassador Lighthizer stated succinctly “It’s going to take time, to be honest.” The looming election is obviously a factor, though U.K. officials have indicated that they do not expect many American trading priorities to significantly change even if there is a new administration. Regardless of who is in the White House next year, however, talks must wrap up by April 1 to qualify for “fast-track” status and speed the deal through Congress.

U.S./Kenya Trade Negotiation

Negotiators from the U.S. and Kenya resumed virtual negotiations on a potential trade deal last week. The countries held the first round of talks last month over a two-week period, but were then paused due to concerns the Kenyan negotiating team was exposed to COVID-19. The sides are seeking to strike a comprehensive agreement the U.S. says could be a model for the rest of the region, though timing for concluding talks remains uncertain. Kenyan President Uhuru Kenyatta has stated, however, that he hopes to complete the negotiations by 2022, when his five-year term expires.

Hearings

Last week, the Foreign Relations Committee held multiple hearings to examine the candidacies of several nominees for the position of Ambassador- including for Japan, Singapore, Panama and Ukraine. Additionally, USTR formally responded to Questions for the Record from members of the House Ways and Means and Senate Finance Committees related to the hearings they both held on the president’s trade policy agenda. Both QFR packets are attached.

[Finance Lighthizer QFRs](#)

[USTR Lighthizer House Ways and Means QFRS 06.17.2020](#)

