



TRADE UPDATE October 9, 2020

U.S. China Relations

Members of the House GOP China Task Force released their long-anticipated report last week (attached). The Task Force -led by House Foreign Affairs Committee Ranking Member Michael McCaul (R-TX) and consisting of 15 other Republicans from 11 House committees- was charged with developing policy recommendations to address cross-jurisdictional threats posed by China.

The recommendations in the 130 page report target issues ranging from national security concerns, human rights violations, supply chain issues, the COVID crisis, and Beijing's overall expanding influence on the world stage.

The report also suggests that Congress should "intensify its engagement with the Administration to develop a strategic plan for Phase Two negotiations" that tells China that "the cost will be high if it refuses to engage in good faith" talks.

The report comes during one of the lowest points in relations between the U.S. and China, with the two sides clashing over a number of issues- including, most recently, the potential ban of TikTok and WeChat in the U.S. Additionally, this month the House of Representatives passed legislation to address human rights abuses against the Uyghurs. The bipartisan bills ([H.R. 6210](#), "the Uyghur Forced Labor Prevention Act" and [H.R. 6270](#), "the Uyghur Forced Labor Disclosure Act of 2020") are intended to ensure goods made in the Xinjiang Uyghur Autonomous Region imported into the United States are not made with forced labor. While the bills chances in the Senate are uncertain in the short term, it is safe to assume the overall rhetoric around the U.S./China relationship will remain heated leading up to the election and beyond.

Taiwan

Echoing one of the recommendations in the China Task Force report, a group of 50 Senators sent a [letter](#) to Ambassador Lighthizer last week to encourage USTR to begin a formal process of negotiating a comprehensive trade deal with Taiwan. In addition to highlighting Taiwan's record as "a longstanding economic partner and security ally" the letter goes on to state "a free and open Indo-Pacific is a goal that we need to actively work towards by countering China's use of unfair trading practices..." Earlier this year, 150 House members from both sides of the aisle sent a similar missive, as have several other Senators in recent weeks.

Unsurprisingly, China's Foreign Ministry has said it opposes any trade talks between the U.S. and Taiwan and warned recently that an agreement between the two could threaten relations between the U.S. and China. A Chinese Foreign Ministry spokesman stated: "We urge the U.S. to abide by the one-China principle ... and stop all forms of official exchanges between the U.S. and Taiwan, so as not to seriously damage Sino-U.S. relations and peace and stability across the Taiwan Strait."

Vietnam

On October 2nd, USTR [announced](#) 301 investigations into Vietnam- one into "[Acts, Policies, and Practices Related to Currency Valuation](#)" and the other into "[Acts, Policies, and Practices Related to the Import and Use of Illegal Timber](#)". The administration believes Vietnam may be undervaluing its currency, making its products unfairly cheap abroad, while also importing illegally harvested timber. The investigation could result in tariffs on the country's products. Written comments are due by November 12, 2020.

U.S./U.K. Trade Negotiations

The fourth round of trade talks between the U.S. and the United Kingdom concluded on September 18th, with a fifth round expected to begin on October 19th. While a deal is not expected to be concluded this year, progress on various chapter texts has been made and negotiations continue apace. The goal of the next round -the last before the November elections- then, is to further talks in such a way as to provide a roadmap for conclusion into next year, irrespective of what the next administration looks like. On Capitol Hill, members we have spoken to, particularly on the Democratic side, continue to list an agreement with the U.K. as a top trade priority for 2021.

U.S./Brazil

The Brazilian Assistant Deputy Minister for Foreign Trade and International Affairs, Yana Dumaresq, indicated this week that the U.S. and Brazil are close to a limited agreement stating "we hope to have an announcement very soon." The agreement -which is focused on trade facilitation, good regulatory practices and anticorruption- has reached the legal scrub phase and, according to Dumaresq, "will be concluded by mid-October, so we hope to have them sign this month."

