



## TRADE UPDATE December 4, 2020

### New House Foreign Affairs Chair

This week saw the ascension of Gregory Meeks (D-NY) to the top slot on the House Foreign Affairs Committee, giving him reach into everything from international trade, foreign assistance, national security, and public diplomacy.

An ardent proponent of free-trade, Chairman-elect Meeks has advocated for many deals over the years- he launched the bipartisan 'Friends of the Trans-Pacific Partnership Caucus,' for example- which has caused some consternation within certain Democratic constituencies. Organized labor, in particular, showed their disapproval as they argued that his "pro-corporate trade stances" should disqualify him.

Nevertheless, the Democratic caucus on Thursday voted for Meeks by a vote of 148-78, besting his challenger, Rep. Joaquin Castro (D-TX), for the position. His statement upon being selected as the next chairman can be found [here](#)

### Biden on China

In an [interview](#) this week, President-elect Biden declined to outline his plans for dealing with the multitude of trade restrictions the Trump administration has placed on China. He stated: "I'm not going to make any immediate moves, and the same applies to the tariffs...I'm not going to prejudice my options."

Instead, his administration will conduct a full review of the existing phase-one trade deal struck with China earlier this year and develop a "coherent strategy" with traditional allies in Europe and Asia. He stated that this will be a "major priority for me in the opening weeks of my presidency."

Likewise Biden said his "goal would be to pursue trade policies that actually produce progress on China's abusive practices — that's stealing intellectual property, dumping products, illegal subsidies to corporations" and forcing "tech transfers" from American companies to their Chinese counterparts.

### Brexit Talks Enter Final Stage

European Union officials said today that a post-Brexit trade deal could finally be secured this weekend, with the EU's chief negotiator, Michel Barnier, telling colleagues that the next 48 hours would be decisive.

However, British negotiators have sounded less optimistic notes, and the same issues that have stalled the negotiations since February -fishing rights, state aid and governance- are still proving difficult to overcome.

With less than four weeks until the United Kingdom fully leaves the EU's orbit, time is obviously in short supply. The fear is that a perilous "no-deal" situation would snarl borders, unnerve financial markets and sow chaos through supply chains.

The EU-UK discussion also impacts the future of any U.S.-UK free trade agreement, five rounds of which have been held by USTR during the Trump Administration, with technical-level exchanges anticipated to continue over the coming weeks.

While a priority for many members of congress -both Democrat and Republican alike- President-elect Biden has yet to indicate how his incoming administration will handle these negotiations. The fact that fast-track negotiating authority expires in July 2021 adds another level of complexity to these talks.

### EU overtures to the U.S.

While talks with the UK are ongoing, the EU also set out an ambitious trans-Atlantic [agenda](#) this week. The proposal reflects the EU's eagerness to rebuild the relationship after several contentious years, with the European Commission president saying the bloc was "taking the initiative" to put forward an agenda "fit for today's landscape."

Trade features prominently in the proposal, including in fighting the pandemic and tackling climate change. The EU has proposed the two sides meet for an "EU-U.S. Summit" in the first half of 2021 to launch this agenda. A statement from the EU upon the agenda's release said: "a new geopolitical and economic reality, present a once-in-a-generation opportunity to design a new transatlantic agenda for global cooperation based on our common values, interests and global influence."

### Issues with Generalized System of Preferences Program

The GSP Program, which allows for the duty free entry of almost 4000 goods from 100 countries, is in danger of expiring at the end of this month, as Democrats on the House Ways and Means and Senate Finance committees are pushing to include provisions that would broaden the beneficiary criteria to include provisions on human rights, environmental, and good governance criteria that are meeting resistance from Finance Chairman Chuck Grassley (R-IA).

## MONUMENT ADVOCACY

The Chairman stated this week: "I think all of those are good goals of the moral position of the United States to signal to the rest of the world but using those things right now to get on GSP is not very appropriate" and has instead offered Democrats a short-term extension of the program with no changes- which Democrats have so far rejected. While it remains possible that an extension may yet be reached, the path forward remains murky at best.

### President Trump Still Active

The outgoing administration continues its activity in the international space, particularly as it relates to China. This week the Department of Defense added several Chinese companies, including the Semiconductor Manufacturing Corporation (SMIC), to its list of Chinese companies "owned or controlled" by the Chinese military

This will be used as a guide (and red flag) when considering export license applications. President Trump also issued an executive order this month that prohibits Americans from purchasing or investing in stocks, funds or other financial products that include companies on this list as of January.

