

What's Been Happening

1 — Joint Criticism of China's Trade Practices in Geneva — 1**[In One Sentence]**

- The U.S. and other World Trade Organization (WTO) members criticized China for failing to address “fundamental concerns” with the country’s trade regime.
- The U.S. and EU called for WTO reform and new rules to discipline China’s trade practices.
- China said it is committed to trade liberalization and has been abiding by WTO rules.

[Mark the Essentials]

- At China’s WTO trade policy review, the U.S., EU, Japan, Canada, Australia, South Korea, and (on some issues) India criticized Beijing’s lack of transparency, industrial subsidies, intellectual property framework, and state-owned enterprises.
- The U.S. and EU have both argued that current WTO rules are insufficient to address China’s trade and market distorting practices.
- The U.S., EU and Japan have proposed changing the Agreement on Subsidies and Countervailing Measures (ASCM) to address industrial subsidies.

[Keeping an Eye on...]

- The Biden administration’s efforts to re-couple with its allies and partners in Europe and the Asia-Pacific have begun to show positive results. The joint criticism of China’s state-run policies and practices, its alleged abuse of special treatment from self-designating as a developing country, as well as its lack of transparency in self-declaring its subsidies is an expression of this newfound (or, rather, the resumption of) solidarity. That being said, China is not in legal violation of these WTO obligations. If its western partners wish to impose new, negotiated disciplines on China’s industrial subsidies practices, they must be mindful of offering something in return. The WTO negotiation framework is not a donor conference, after all. To get something, one has to give something in return too—however asymmetric the exchange might be. Meanwhile, the U.S., the EU, and Japan also have trade-distorting agricultural subsidies that are subject to other countries’ criticism at the WTO.

[Expanded Reading]

- [WTO members blast China during 20th anniversary trade policy review](#), *Politico*, October 21

- [Statement by David Bisbee, Chargé d’Affaires, a.i., on the Trade Policy Review of the People’s Republic of China](#), Office of the United States Trade Representative, October 20
- [EU Statement at the 8th Trade Policy Review of China, 20 October 2021](#), Permanent Mission of the European Union to the World Trade Organization, October 20

2 — A Divided WTO — 2

[In One Sentence]

- World Trade Organization (WTO) members remain divided on key issues that are up for resolution at the upcoming 12th ministerial conference (MC12).
- U.S. Trade Representative (USTR) Katherine Tai said the WTO’s dispute settlement system cannot be fixed without a comprehensive reform and revitalization of WTO’s negotiating function.
- G20 trade ministers reaffirmed their commitment to a “necessary” reform of the WTO.

[Mark the Essentials]

- Despite a shared commitment to successful outcomes at MC12, no agreement has been reached on pressing issues on the table, which range from fisheries subsidies and pandemic response to agriculture and e-commerce.
- Noting that the WTO must respond to “reality” and “global developments,” Tai said a functioning dispute settlement system should motivate members to negotiate new rules.
- G20 trade ministers noted that a “well-functioning” WTO dispute settlement system “should contribute to providing security and predictability to the multilateral trading system.”

[Keeping an Eye on...]

- Reaching an agreement on the WTO’s pandemic response as well as concluding the long-drawn out negotiation on fisheries subsidies, including eliminating subsidies that contribute to IUU fishing, appears to be increasingly beyond the reach of parties at this late hour going into MC12. This is a testament to the poor state of the WTO’s negotiating function. By linking the revival of the organization’s dispute settlement function to the revitalization of its negotiating function, USTR Tai has virtually ensured that the WTO’s dispute settlement-related Appellate Body will remain consigned to the long grass for the foreseeable future. It is not coincidental that a WTO panel is due to rule—most likely, unfavorably—later this winter on the U.S.’ Section 232 steel tariffs, which will in turn add to Beijing’s gripe that Washington’s dispute settlement-related grievances and criticisms are more opportunistic than truly solutions-oriented.

[Expanded Reading]

- [WTO chief urges resolution on distortive agriculture subsidies](#), *France 24*, October 15
- [Ambassador Katherine Tai’s Remarks As Prepared for Delivery on the World Trade Organization](#), Office of the United States Trade Representative, October 14
- [U.S. Says It Supports Vaccine Production Waiver, But All WTO Member States Must Agree](#), *Newsweek*, October 14
- [G20 Ministerial Statement on Trade and Investment](#), G20 Trade and Investment Ministerial Meeting, October 12
- [U.N. chief urges world leaders to clinch WTO fisheries deal, document shows](#), *Reuters*, October 11 [Paywall]

3 — More Actions Addressing Supply Chain Security — 3

[In One Sentence]

- The Energy Department will issue a report of its solar supply chain review this fall, ahead of the administration's original February deadline.
- The White House said that the U.S. should increase investing in countries rich in critical minerals to challenge China's dominance in the industry.
- The Biden administration hopes to create export opportunities for U.S. clean energy technologies by investing in the infrastructure of developing countries.

[Mark the Essentials]

- Clean energy industry representatives have called for an acceleration of the solar supply chain review, noting that uncertainties around solar-related trade policy and supply chain bottlenecks are having a significantly negative impact.
- The Biden administration is looking at providing developing countries with capital to invest in mining as well as in processing facilities of multiple key critical minerals, "particularly for the electric vehicle battery space."
- When advocating for G7's "Build Back Better World," White House National Economic Council Director Brian Deese marked the need to expand into foreign markets with clean energy technologies such as those related to electric vehicles, solar, and wind.

[Keeping an Eye on...]

- The Biden administration has maintained a brisk pace on its supply chain reviews. After completing four 100-day supply chain reviews, its attention has turned to the 1-year sectoral supply chain assessments, with the solar chain assessment at the front of this queue. This is unsurprising, given that the solar supply chain has been in the crosshairs of the administration's interest—both, because of its emphasis on clean energy as well as the unsavoury reality that much of this supply chain runs frontally through China's Xinjiang region. On a similar note, the Biden administration is keen to address critical mineral supplies to reduce its dependency on China. Its 100-day supply chain review of large capacity batteries, issued earlier this June, was eye-opening in terms of revealing the extent to which China maintains a lock over this critical sub-sector as well as some of the key mineral inputs that are critical to upstream processing. The U.S., understandably, prefers that greater diversification set-in, including by assisting mineral-rich developing countries, so as to enhance the resilience of these critical, clean energy-related supply chains and technologies.

[Expanded Reading]

- [Launch | The Mosaic Approach: A Critical Minerals Supply Chain Report](#), Event by the Wilson Center, October 18
- [Heeding industry calls, DOE hastens solar supply chain review](#), *Inside U.S. Trade*, October 15 [Paywall]
- [Brian Deese on the vision behind the G7's Build Back Better World Initiative](#), Event by the Peterson Institute for International Economics, October 7



[In One Sentence]

- Senator Mark Warner said that Congress should quickly pass provisions not only on 5G infrastructure but also on funding for the *Creating Helpful Incentives to Produce Semiconductor for America Act* (CHIPS Act) separately from the *U.S. Innovation and Competition Act* (USICA).
- A recently introduced House bill calls for the establishment of an interagency task force on China’s “coercive economic measures.”

[Mark the Essentials]

- Urged by Republican Senator Bill Cassidy, U.S. Customs and Border Protection (CBP) Commissioner nominee Chris Magnus committed to tackling forced labor across the global supply chain.
- 19 Democrats in the Ways & Means Committee said that labor protection should be a top U.S. priority at the World Trade Organization’s upcoming 12th ministerial conference.
- 13 Republican lawmakers urged the U.S. Trade Representative to maintain strong relations with Latin American countries, warning against “heightened Chinese economic engagement” and resulting influence in the region.

[Keeping an Eye on...]

- Lawmakers continue to champion legislation designed to empower the United States’ geo-technological rivalry with China. However, instead of holistic, all-encompassing strategic legislation, one recent trend is the increase in more specialized bills being introduced or advocated to address issue-specific areas where the U.S. needs to strengthen its competitive power vis-a-vis China. Another trend is to strip out and thereafter attach the most critical bits of legislation to unrelated but ‘must-pass’ bills, such as the *National Defense Authorization Act* (NDAA), which authorizes and details the annual appropriations of the U.S. Defense Department. Resorting to the latter is testament to divisions across the aisle and between the two chambers on the specifics of China-related legislation, even as there is an overarching consensus that Congress must deliver on the United States’ geostrategic and geo-technological rivalry with China.

[Expanded Reading]

- [Hearing to Consider the Nomination of Chris Magnus, of Arizona, to be Commissioner of U.S. Customs and Border Protection](#), United States Senate Committee on Finance, October 19
- [Promoting American Innovation and Competitiveness: The Role of Infrastructure, R&D Investment, and Industrial Policy](#), Event by Aspen Economic Strategy Group, October 18
- [Reps. Bera and Wagner Introduce Bipartisan Legislation to Counter Beijing’s Economic Coercion](#), U.S. Representative Ami Bera, M.D. Press Release, October 15
- [H.R.5580 - Countering China Economic Coercion Act](#), Congress.gov
- [Rep. Crawford Alerts USTR of Chinese Influence in Latin America](#), U.S. Congressman Rick Crawford Press Release, October 13
- [Chairman Blumenauer Leads Colleagues in Encouraging Biden Administration to Continue to Advocate for Worker Protections at Upcoming World Trade Organization Conference](#), U.S. Congressman Earl Blumenauer Press Release, October 12