

## What's Been Happening

### 1 — Trade and Technology Council Round Two — 1

#### [In One Sentence]

- At the second meeting of the U.S.-EU Trade and Technology Council (TTC), the United States and the European Union lauded prior TTC efforts for fostering an “unprecedented level of cooperation” on export controls and sanctions against Russia.
- The two sides committed to work on Russia-related supply chain disruption and combat Russian disinformation.
- The U.S. and EU also resolved to effectively address trade-distortive non-market policies and practices, including by working trilaterally with Japan.
- Furthermore, the two sides agreed to strengthen collaboration on international standardization activities, research and development in emerging technologies, as well as general supply chain resiliency.

#### [Mark the Essentials]

- The two sides maintain that they share a desire to defend their security through coordinated actions on export controls of critical and dual-use technologies as well as on investment screening tools.
- The U.S. and the EU committed to develop a common analytical framework for identifying foreign information manipulation and interference. The framework will initially focus on ongoing Russian actions to manipulate and censor information.
- According to U.S. Commerce Secretary Gina Raimondo, the U.S. and the EU plan to reach an agreement on the alignment of their export control regimes with regard to key technologies by the third TTC meeting. The deal could include other countries, such as Japan, and will ostensibly focus on semiconductors.
- While recognizing the TTC’s commitment on semiconductor supply chains and the green transition, industry representatives called for more clarity and transatlantic coordination on issues such as state subsidies for chips and securing critical materials essential to the green technology transition.

#### [Keeping an Eye On...]

- Logging in at a mammoth 48 pages, the joint statement issued at the conclusion of the second meeting of the TTC must surely be one for the record books. As for the meeting itself, it was not quite as historic, although by all accounts it seems to have been a successful one. The principals shepherded the TTC framework from agenda-setting to the nitty-gritty of policy setting, including on the issue of export controls. A set of roadmaps, mechanisms, cooperation frameworks, and taskforces were also set in motion. The binding glue

supplied by Vladimir Putin's brutal and unlawful invasion of Ukraine, while important, was not the overriding reason for the meeting's success. But the spillover effects of the transatlantic measures related to Russia will have significant implications going forward for trade and technology ties between not only Washington and Beijing but also Europe and China. That said, the U.S. and the EU's work within the TTC is just beginning and they would be well advised not to count their chickens before they hatch. More than four years ago, the U.S., the EU and Japan optimistically set in motion a ministerial-level working group to devise updated international rules on industrial subsidies, primarily as a means to call out Chinese practices. Today, the three parties have precious little to jointly show in this regard. At the end of the day, what is important is not how you start but how you finish, and Washington and Brussels should take heed of that dictum as they begin to deepen their engagement within the TTC.

### [Expanded Reading]

- [U.S.-EU Joint Statement of the Trade and Technology Council](#), U.S. Department of Commerce, May 16, 2022
- [FACT SHEET: U.S.-EU Trade and Technology Council Establishes Economic and Technology Policies & Initiatives](#), White House, May 16, 2022
- [EU-US Trade and Technology Council: strengthening our renewed partnership in turbulent times](#), European Commission, May 16, 2022
- [Joint Statement by President von der Leyen and President Biden on the meeting of the Trade and Technology Council](#), European Commission, May 16, 2022
- [U.S., EU Boost Trade Ties to Remedy Supply Shortages, Counter Russia and China](#), *Wall Street Journal*, May 16, 2022 [Paywall]
- [EU, U.S. step up cooperation to combat Ukraine war disruption](#), *Reuters*, May 16, 2022 [Paywall]
- [Russian Invasion Intensifies Role of New U.S.-EU Tech Council](#), *Wall Street Journal*, May 15, 2022 [Paywall]

## 2 — Indo-Pacific Economic Framework (Finally) on the Table — 2

### [In One Sentence]

- U.S. President Biden will formally launch the Indo-Pacific Economic Framework (IPEF) in Japan this week.
- The administration has selected Sharon Yuan to lead staff-level work on the IPEF negotiations.
- A majority and bipartisan group of Senators urged the Biden administration to include Taiwan in IPEF.

### [Mark the Essentials]

- The White House said that President Biden will deliver remarks to launch IPEF on May 23rd. He will be joined by U.S. Commerce Secretary Gina Raimondo and U.S. Trade Representative (USTR) Katherine Tai.
- Before joining the Commerce Department, Yuan was President of the Asia Group. She previously served at the Treasury Department and worked on the Trans-Pacific Partnership.
- Staff-level work at USTR will be led by Dawn Shackelford, Assistant USTR for Southeast Asia and the Pacific.
- Led by Senator Bob Menendez and Senator Jim Risch, 52 Senators argued that including Taiwan in the IPEF has economic and security benefits and helps strengthen "our collective resilience against coercion."

### [Keeping an Eye On...]

- The much discussed Indo-Pacific Economic Framework (IPEF) will finally see the light of day later this week, when President Biden formally launches the initiative in Tokyo during his visit to Japan to participate in the meeting of the Quad countries. The launch of the Framework will immediately usurp the Quad's economic role in the Indo-Pacific region, given the overlap of issue areas and the larger membership of the Framework. Many questions regarding IPEF will continue to swirl even after its launch—the most notable one perhaps

being just how this administration plans to harmonize the Framework as a liberalizing and integrative economic and trade policy endeavor for the Asia-Pacific with the existing complement of conventional trade agreements, such as RCEP and CPTPP. But one question will surely be answered this week: Will Taiwan be included as a founding member of the Framework? A reading of the tea leaves suggests that it will not. And staying with the question of membership, will India be a founding member? New Delhi at this late hour still says it is “examining” the initiative, although with Prime Minister Modi’s presence at the IPEF launch event in Tokyo, one must assume that it will be inside the Framework, however marginally attached. Most observers submit that New Delhi is incapable of measuring up to the standards across most (if not all) of the Framework’s pillars. And had the substantive content of IPEF not been watered down in its final days before launch, many of the ASEAN states too might have stayed on the sidelines. IPEF will be launched; that is for certain. Whether it will live beyond its infancy, and especially if there is a change of administration, remains to be seen, however.

### [Expanded Reading]

- [Factbox: Biden in Asia: South Korea, Japan schedule and to-do list](#), Reuters, May 20, 2022 [Paywall]
- [Joe Biden waters down Indo-Pacific Economic Framework to win more support](#), Financial Times, May 20, 2022 [Paywall]
- [Carper Calls for Administration to Include Taiwan in Indo-Pacific Economic Framework](#), U.S. Senator for Delaware Tom Carper Press Release, May 19, 2022
- [Commerce Secretary Gina Raimondo to Join Economic Cooperation Talks in Asia, Represent Biden Administration at World Economic Forum in Switzerland](#), U.S. Department of Commerce, May 19, 2022
- [US Picks Negotiators for Biden’s Indo-Pacific Economic Framework](#), Bloomberg, May 18, 2022 [Paywall]
- [Risch, Menendez Lead 50 Colleagues in Letter to POTUS Championing Taiwan’s Inclusion in Proposed Indo-Pacific Economic Framework \(IPEF\)](#), United States Senate Committee on Foreign Relations Press Release, May 18, 2022

## 3 — China Tariffs in Review: To Keep or Not to Keep?— 3

### [In One Sentence]

- The Office of the U.S. Trade Representative has initiated its four-year review of the Section 301 tariffs on Chinese goods which could bring changes to the tariffs.
- President Biden said the administration is still “discussing” whether to terminate certain Section 301 tariffs.
- The U.S. International Trade Commission (ITC) has begun to investigate the Section 301 and Section 232 tariffs’ impact on U.S. industries.

### [Mark the Essentials]

- According to U.S. Trade Representative Tai, tariff reduction can be a possible tool to combat inflation, but that doing so will also cede the leverage that Washington enjoys *vis-à-vis* Beijing.
- Acknowledging the administration’s internal debate over its China tariff policy, U.S. Treasury Secretary Janet Yellen reiterated that cutting tariffs could be beneficial to lowering inflation for U.S. consumers and firms.
- The ITC’s investigation is mandated by Congress and will include a public hearing on July 21, 2022.

### [Keeping an Eye On...]

- Sixteen months in, the Biden administration is finally grappling with the fate of the Trump-era Section 301 tariffs imposed on China. This internal administration debate should have taken place within the first 90 days of its entry into office. Even at this late hour, the debate is not taking place of the administration's own volition. Rather, it has been occasioned by the language of the Section 301 statute which requires that the tariffs mandatorily sunset after four years unless there is a required need for extension. Understandably, then, there are strong votaries within the administration calling for the extension of some or most of the tariffs. To its lasting shame, this group includes the Office of the United States Trade Representative—an agency that until its capture by protectionist interests during the Trump administration was overwhelmingly pro-trade at home and abroad and in favor of overseas market opening. USTR claims an imaginary leverage in its dealings with Chinese counterparts stemming from the tariffs. Arrayed on the other side are voices, such as Treasury Secretary Yellen, who cite—and exaggerate—the disinflationary appeal of lifting the tariffs at a time of stubbornly-high inflation unseen in decades. Whichever way this debate is internally resolved, and the portents are for a modest drawdown of selective tariffs, one thing is clear: the genie of protectionism has well and truly been unleashed within the Beltway and it is not about to return anytime into the lamp. The implications too are profound, and extend beyond U.S.-China relations and the U.S. business community's interests across the Pacific. It gets to the question whether the sun has begun to set on the role of the United States as a liberalizing force in the global economy. It is not coincidental that the focus of the Indo-Pacific Economic Framework, as well as the conversations within the US-EU TTC, have focused on resilience and security with at best a token bow towards liberalizing and boosting transpacific and transatlantic trade, respectively.

### [Expanded Reading]

- [Janet Yellen confirms she is pressing Joe Biden administration for some China tariff cuts](#), *South China Morning Post*, May 19, 2022 [Paywall]
- [USTR Tai says China tariff review will have 'robust' industry consultations](#), *Reuters*, May 5, 2022 [Paywall]
- [USTR Issues Notice Regarding Statutory Four-Year Review of China 301 Tariffs](#), Office of the United States Trade Representative, May 3, 2022