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What's Been Happening

1 — The White House's Trade Ambitions and Its Critics— 1

[In One Sentence]

- U.S. Trade Representative Katherine Tai defended the Biden administration's economic policies by listing out new challenges to be tackled and highlighting the need to reshape trade policies to bolster U.S. manufacturing and exports.
- Facing criticism from high-ranking members of Congress, Tai and Secretary of Commerce Gina Raimondo insisted that the Biden administration has been in consistent engagement with Congress during its negotiation of the Indo-Pacific Economic Framework for Prosperity (IPEF).
- Meanwhile, the State Department cited trade policy as a key tool in the Biden administration's efforts, in concert with the European Union, to end and reverse deforestation.
- Commerce Secretary Raimondo plans to use the recently revitalized President's Export Council to support the administration's efforts with regard to IPEF's supply chain pillar.

[Mark the Essentials]

- USTR Tai listed out the pandemic, Russia's invasion of Ukraine, the climate crisis, and the "digital transformation" inspired by technological development as the major challenges the administration currently seeks to address.
- At the same time, Katherine Tai prioritized the imperative for investment in U.S. domestic manufacturing, and suggested that it is a prerequisite for policies to bolster U.S. exports—a goal previously advocated by many critics on Capitol Hill.
- While both Tai and Raimondo repeatedly assured lawmakers that the administration is in constant engagement with Capitol Hill on the IPEF negotiations, Senate Finance Committee Chair Ron Wyden and other members of the panel felt that the administration was failing to achieve sufficient congressional engagement and therefore had not addressed their concerns about how "agreements like the IPEF will be approved". Further, Chair Wyden expressed his frustration that the administration was moving ahead on the IPEF negotiations without seeking Congressional approval.
- Commerce Secretary Gina Raimondo said that she will join the President's Export Council on a "fact-finding mission to select IPEF markets" to boost U.S. exports and investment overseas.

[Keeping an Eye On...]

- For all its vaunted talk of ‘modern trade agreements’, the Biden administration seems to be satisfying no one with its novel approach to trade and economic engagement; not Congress, not business, not allies and partners or, for that matter, the letter and spirit of multilateral trade law. As best as one can understand, the new approach to trade and economic engagement aims to flip the existing policy dynamic inside-out. Rather than reinforce existing supply chains and their cost efficiencies, ‘modern trade agreements’ intend to diversify them and make them more resilient—even at the expense of undermining their underlying cost structures. Rather than perpetuate a supposed race-to-the-bottom dynamic, ‘modern trade agreements’ intend to create a race to the top. Exactly how this happens is a mystery. But it cannot be disputed that ‘building from the bottom up and from the middle out’ sounds at least eye-catching. The problem with this novel approach to trade and economic engagement is two-fold. First, it runs counter to Congress’ constitutional prerogative to regulate trade. It didn’t have to be this way; modern trade agreements don’t have to run against the will of Congress. But embarrassed by these agreements’ lack of substantive content—they don’t contemplate economic incentives and lack third party enforcement mechanisms in most cases—the Biden administration has chosen to bypass Congress. Second, this new approach to trade and economic engagement engages multilateral trade law from an *a la carte* perspective. It would be nice if global trade rules can be accommodated within the approach; if they cannot be accommodated, then those rules be damned. It is as if the international trading order is not part of the ‘rules-based order’ but instead centered on America’s rules and America’s version of order. At the end of the day, the crux of the Biden administration’s trade policy dilemma is this: as a trading superpower, the American government needs to be doing ‘something’ on trade; given the rise of economic nationalism domestically, it cannot continue to do the same thing that it used to do; so, it is attempting to do something else—anything else—which is not quite adding up; it is having difficulty explaining what exactly this ‘something’ is (it’s easy to explain what it isn’t), hence the trundling out of worker and labor-centered narratives; and all along it is hoping that whatever the ‘something’ it is attempting to do will somehow restore long-term wage growth and build out the middle class. Note to the Biden administration: building out the middle class is a task for budget and tax policy. Let trade policy focus on opening markets overseas and polishing economic competitiveness at home. USTR’s “unapologetically positive vision” on trade is in fact an “unapologetically *empty* vision.”

[Expanded Reading]

- [Ambassador Katherine Tai’s Remarks at the National Press Club on Supply Chain Resilience | United States Trade Representative \(ustr.gov\)](#), Office of the United States Trade Representative, June 15, 2023
- [Bipartisan resentment grows as Biden pursues new trade talks](#), *Politico*, June 13, 2023
- [2023 Leadership Summit](#), Foreign Policy for America, June 11-13, 2023
- [Tai’s Friendshoring Field Trip to Latvia](#), *Politico*, June 12, 2023
- [Bidenomics and Its Contradictions](#), *The Wall Street Journal*, June 8, 2023 [Paywall]
- [Wyden Dissatisfied with Admin Response](#), *Politico*, June 5, 2023
- [Detroit, recent Apec host, embodies Joe Biden’s trade policy goal of renewal](#), *South China Morning Post*, June 5, 2023 [Paywall]
- [Ambassador Tai Tackles Trade: A Conversation With United States Trade Representative Katherine Tai](#), *Forbes*, May 31, 2023 [Paywall]
- [Reporting on Whole-of-Government Approaches to Stopping International Deforestation](#), U.S. Department of State, May 31, 2023
- [Letter from USTR Tai and Commerce Secretary Raimondo to Sen. Wyden, Chair of the Senate Finance Committee](#), Office of the USTR and Department of Commerce, May 30, 2023

- [Substantial Conclusion of Negotiations on Landmark IPEF Supply Chain Agreement](#), Department of Commerce, May 27, 2023
- [The Biden Administration Is Right on China and Trade, but Must Aim Higher](#), *National Interest*, May 21, 2023 [Paywall]

2 — TTC Progress Inspires More Expectations, as well as Concerns— 2

[In One Sentence]

- At the end of the 4th U.S.-European Union Trade and Technology Council (TTC) ministerial, Secretary of State Antony Blinken lauded the “remarkable convergence” between the U.S. and EU in areas such as critical minerals, investments in clean technologies, and relations with China.
- Stakeholders and officials at the 4th TTC ministerial were happy about TTC’s progress, but business, labor groups and some EU and member state officials say that the outcomes need to be more ambitious.
- European Commission Executive Vice President and Trade Commissioner Valdis Dombrovskis said that the European Commission must seek a negotiating mandate from its member states before proceeding with negotiations with the U.S. on binding provisions in a potential critical minerals agreement.
- Industry representatives warn about critical challenges ahead in trans-Atlantic talks for global steel and aluminum arrangements and doubt that the U.S. and EU could meet the October deadline.

[Mark the Essentials]

- While the officials hailed the achievements made at the TTC ministerial, stakeholders highlighted the disconnect between the consultation process and TTC outcomes, particularly when it came to resolving differences over digital regulation and data governance.
- The European Union is concerned about the prominence of geopolitical problems within the TTC discussions, which it fears will divert attention from addressing longer-term concerns.
- Commissioner Dombrovskis suggested that the U.S.-EU critical mineral agreement could include meaningful provisions on labor and environment issues, which is lacking in the U.S.-Japan critical minerals deal.
- While USTR is confident on reaching an agreement with the EU on steel and aluminum, citing their “shared commitment to joint action and deeper cooperation in the steel and aluminum sectors,” some industry leaders criticized the U.S. approach to resolving the disagreement as a “tariff scheme based on the differential in carbon intensity” while the EU focuses more on its carbon border adjustment mechanism.

[Keeping an Eye On...]

- Twenty months after its establishment in Pittsburgh in September 2021, the U.S.-EU Trade and Technology Council (TTC) remains bogged down in high principles, vision statements, task force formations, and general good intentions. Most of the materially important deliverables that have been realized, such as the Russia sanctions, the Boeing-Airbus dispute settlement, on the Section 232 steel and aluminum tariffs, have occurred outside the TTC framework, even if the TTC has claimed authorship. On China, the head of steam built up to confront it tri-laterally (U.S.-EU-Japan) to modify its non-compliant industrial subsidy and non-market economy practices has been set back by non-market and non-compliant industrial subsidy practices in the U.S.—particularly in the Inflation Reduction Act, which predicate the disbursement of subsidies upon the use of domestic over imported goods. Finalizing work on an ambitious Global Sustainable Arrangement for Steel and Aluminum or on a bilateral electric vehicles-related critical minerals and battery components pact by the time of TTC’s fall meeting could provide a penultimate chance to salvage a meaningful accomplishment before the election-cycle-driven curtains come down for good on the U.S.-EU trade, investment and environment front

until mid-2025. In any case, certain work-streams within the U.S.-EU transatlantic framework may be overshadowed by the U.S.-United Kingdom economic work program encapsulated in the action plan under the recently launched 'Atlantic Declaration'. The plan includes an economic security framework to advance close-knit cooperation on critical and emerging technologies (quantum, AI, semiconductors, cutting-edge telecoms, synthetic biology) as well as develop stronger protective toolkits for technologies and supply chains. Like the AUKUS pact, this U.S.-UK framework could well allow for deeper and more substantive collaboration on many of the transatlantic challenges on which Washington and Brussels have only been able to forge a superficial connection. The few substantive economic policy accomplishments that the Biden administration has been able to rack up have in any case occurred within bilateral or small plurilateral group settings (think: chip controls cooperation with the Netherlands and Japan or the budding minerals security partnership). They are more cohesive, are based on a tighter understanding of security interests, and are more amenable to the U.S.' my-way-or-the-highway approach. If the TTC is to stay relevant, it needs to deliver—and deliver quickly.

[Expanded Reading]

- [US Inflation Reduction Act has its allies running scared](#), *South China Morning Post*, June 12, 2023 [Paywall]
- [The Atlantic Declaration: A Framework for a Twenty-First Century U.S.-UK Economic Partnership | The White House](#), The White House, June 8, 2023
- [Key Takeaways from the TTC Ministerial](#), Center for Strategic and International Studies, June 8, 2023
- [Sunak and Biden reach for critical minerals deal in show of unity](#), *Politico*, June 8, 2023
- [U.S. Struggles to Turn Steel Imports 'Green' With Tariffs](#), *The Wall Street Journal*, June 7, 2023 [Paywall]
- [What's next for EU-US relations?](#), European Institute of Innovation and Technology, June 6, 2023
- ['We're not going back': The U.S. and Europe are entering a new trade era](#), *Politico*, June 3, 2023
- [Joint Statement EU-US Trade and Technology Council of 31 May 2023 in Lulea, Sweden](#), European Commission, May 31, 2023

On the Hill

[Legislative Development]

- The four legislative sponsors of the Uyghur Forced Labor Prevention Act (UFLPA) lauded the expansion of the UFLPA Entity List as a “clear guidance to American companies for supply-chain mapping,” but vowed to bring more measures to “stop imports of forced labor made goods” such as car parts, solar panels, rayon and fashion garments.
- The House Transportation and Infrastructure Committee voted in overwhelming support of the Ocean Shipping Reform Act; a bill that seeks to investigate China's shipping exchanges and logistics software.
- House Ways and Means Committee trade subcommittee Chair Adrian Smith said he is working with lawmakers across the aisle to pass bills on the Generalized System of Preferences and Miscellaneous Tariffs.
- Meanwhile, a bipartisan, bicameral group of influential lawmakers are pushing to pass the “Level the Playing Field 2.0 Act”; a bill to reform U.S. trade remedy law and give the Commerce Department new enforcement tools to counter China.
- Bipartisan leaders of the Senate Finance Committee and the House Ways and Means Committee announced support for a bill that would “approve the first trade agreement signed under the U.S.-Taiwan Initiative on

21st-Century Trade and set robust transparency and consultation requirements for any future agreements negotiated under the initiative.”

[Hearings and Statements]

- During a hearing of the House Judiciary Committee, lawmakers from both sides of the aisle warned against the further expansion of the Trade-Related Aspects of Intellectual Property Rights (TRIPS) Agreement at the WTO, arguing that doing so would undermine innovation and potentially disadvantage U.S. IP *vis-à-vis* China.
- Sens. Chris Coons (D-DE) and Kevin Cramer (R-ND) introduced the “Providing Reliable, Objective, Verifiable Emissions Intensity and Transparency Act” which would direct the Energy Department to study and quantify U.S. emissions and compare them with other countries’, so that this information could be factored thereafter into trade policy decision-making.
- Lawmakers led by Rep. Barry Moore (R-Ala.) penned a letter calling on the Department of Agriculture and the USTR to press China on its restrictions on U.S. poultry exports which violate the Phase One trade deal.
- The leaders of the House Foreign Affairs and Select China committees called on Commerce Secretary Raimondo to press South Korea and Japan not to let their companies back-fill the market share in China of the recently-banned U.S. semiconductor firm Micron. They suggested that Commerce should use the Anti-Boycott Act of 2018 or recommend new amendments to swiftly respond to the ban.

[Expanded Reading]

- [Chairs Say Entity List Additions a “Step In The Right Direction” but Robust Enforcement of UFLPA still Needed](#), Congressional-Executive Commission on China, June 9, 2023
- [US bans imports from China-based Ninestar over Uyghurs](#), *Reuters*, June 9, 2023
- [Wyden, Crapo, Smith and Neal Announce Bipartisan, Bicameral Legislation to Approve First Taiwan Trade Initiative Agreement](#), United States Senate Committee on Finance, June 9, 2023
- [Brown, Young Introduce Legislation To Strengthen Trade Remedy Laws, Protect American Workers](#), Office of Sen. Sherrod Brown (D-Ohio), June 7, 2023
- [Reps. Johnson, Sewell Introduce Bipartisan Legislation to Level the Playing Field for American Workers](#), Office of Rep. Bill Johnson (R-Ohio), June 7, 2023
- [Leveling the Playing Field 2.0 Act Introduced to Update and Strengthen U.S. Trade Remedy Laws](#), Wiley, June 7, 2023
- [Senators Coons, Cramer introduce legislation to study global emissions intensity and hold countries with dirty production accountable](#), Office of Sen. Chris Coons (D-Del.), June 7, 2023
- [IP and Strategic Competition with China: Part II – Prioritizing U.S. Innovation Over Assisting Foreign Adversaries](#), House Judiciary Committee, June 6, 2023
- [House lawmakers urge US to rally allies over China Micron ban](#), *Reuters*, June 2, 2023 [Paywall]
- [McCaul, Gallagher Urge Commerce to Take Action Following CCP Micron Ban](#), House Committee on Foreign Affairs, June 2, 2023
- [Bill Proposes Limits on China and its Influence on Ocean Shipping](#), *Maritime Executive*, March 29, 2023
- [Rep. Barry Moore urges USDA to help restore Chinese poultry market access](#), Office of Rep. Barry Moore (R-Ala.), May 26, 2023
- [To deter China, the US must lead in Latin America](#), *The Hill* (by Rep. Carol Miller), May 24, 2023
- [T&I Committee Approves Package of Bills to Strengthen America’s Supply Chain](#), House Committee on Transportation & Infrastructure, May 23, 2023