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What's Been Happening

1 — Push for Multilateral Trade Cooperation at APEC with Focus on Innovation, Inclusion and Resilience — 1

[In One Sentence]

- The United States hosted the seventh in-person negotiating round for the Indo-Pacific Economic Framework (IPEF) from November 5-12 in San Francisco, California.
- IPEF members thereafter held a ministerial meeting on November 13-14, directly after the negotiating round.
- The Asia-Pacific Economic Cooperation (APEC) held its final 2023 meetings from November 11-17, with a ministerial meeting held on November 14 and the leaders' plenary session on November 16-17.
- APEC leaders capped their meeting by endorsing the *Golden Gate Declaration* which memorializes the efforts of member state economies' on their sustainability and inclusion objectives.
- IPEF member states released their own leaders' statement which noted that negotiations on the clean economy and fair economy pillars had been substantially concluded.
- U.S. trade officials stressed that IPEF and APEC are “two distinct initiatives” although some countries “have chosen to take advantage” of the fact that a number of officials who work on both APEC and IPEF are simultaneously in San Francisco.
- Meanwhile, a number of U.S. lawmakers, agencies and businesses continued to express concerns about the “change” of the “U.S. stance on digital policy,” following USTR's earlier move to revoke support for data and source code provisions at the World Trade Organization's e-commerce talks.

[Mark the Essentials]

- The APEC leaders' *Golden Gate Declaration* keeps alive the commitment to advance economic integration through “the work on the Free Trade Area of the Asia-Pacific [FTAAP] agenda”, although few believe the U.S. has much interest any longer in that FTAAP agenda.
- IPEF ministers failed to close out negotiations on the trade pillar in San Francisco and the outlook on this front is uncertain. However a ministerial-level IPEF Council was established and is set to meet annually starting in 2024, with leaders' meetings—presuming President Biden secures reelection—slated to be held every two years.

- In a public statement, the co-chairs of the House Digital Trade Caucus—a bipartisan pair—criticized USTR’s “unilateral” decision to “abandon important, longstanding, and bipartisan U.S. digital trade priorities at the WTO.” The statement adds to earlier criticism by the Senate Finance Committee.
- Meanwhile, more than 40 major business groups have jointly signed an open letter to the Biden administration to express their “profound concern and disappointment” and urged the Biden administration to reverse USTR’s “harmful decision” to withdraw support for certain proposed data provisions at the WTO.
- Shortly after USTR’s decision at the WTO, trade ministers from the G7 countries reaffirmed “the importance of facilitating Data Free Flow with Trust” and reiterated support for “open digital markets” and “opposition to digital protectionism.” The ministers also affirmed “the need to establish a set of high-standard rules to govern global digital trade.”

[Keeping an Eye On...]

- When the Biden administration jumped the queue and won the right to chair the 21-member APEC framework in 2023—twelve years after the Obama Administration had done so in 2011—it expected to glide into the presidential election campaign year with a trade policy victory to tout. Instead, the administration has ended the APEC presidency with some egg on its face. The hosting of APEC in 2023 was never meant to be about APEC; rather, the APEC platform was sought to be commandeered to push through the Indo-Pacific Economic Framework (IPEF) agreement which excluded China—much like the Obama Administration had sought to push forward the Trans-Pacific Partnership (TPP) negotiations at the time. The TPP negotiations did in fact make important progress during the United States’ 2011 APEC hosting year. By contrast, the trade pillar of the IPEF negotiations—the only materially significant pillar of IPEF’s four pillars—has descended into a farce, with little expected by way of useful results in 2024. From the get-go, the trade pillar of IPEF was a shambles. It made no aspiration to achieve the fundamental premise of a trade agreement (i.e., market liberalization based on reciprocal market access). Yet, USTR Katherine Tai somehow appears to have thought that other IPEF member states would sign on to U.S.-dictated enforceable labor standard provisions for nothing in exchange. The administration chose to disregard Congress’ prerogative “to regulate commerce with foreign nations” by using the ‘sole executive agreement’ mechanism to finalize IPEF, and in the process let it effectively be known to participating members that it was shooting for a low-quality product that would not be accountable to Congress’ more demanding ratification-related standards. And despite an initial haste to preempt domestic rulemaking on digital policy, the administration ended up having to submit to the immense regulatory churn underway in the sector and pull its digital trade text from the broader negotiations. From anti-monopoly protections to privacy and data protections, fintech-related financial stability risk management, review of liability protection for intermediary service providers, to the development of rules regarding the structure, use, and impacts of AI applications and their underlying algorithms, digital policy regulation domestically and rules to regulate its orderly flow internationally remains a work in progress. In the event, no forward movement was made on market liberalization, little progress was made on labor standards in the trade text, and there is nothing to show on the digital trade front. San Francisco was the venue where delegates from 50 countries had drafted the Charter of the United Nations over fifty-one days of debate and negotiation in 1945. Fast-forward to APEC/IPEF 2023, San Francisco unfortunately may yet come to be remembered as the place where the United States, after a year of flailing and failing, ceded its trade policy leadership at a pivotal moment in the history of the Asia-Pacific’s international economic diplomacy.

[Expanded Reading]

- [2023 APEC Leaders’ Golden Gate Declaration](#), The White House, November 17, 2023

- [U.S. 2023 APEC Outcomes](#), U.S. Department of State, November 17, 2023
- [Leaders' Statement on Indo-Pacific Economic Framework for Prosperity](#), The White House, November 16, 2023
- [APEC Summit 2023: Here's What to Know](#), U.S. Chamber of Commerce, November 15, 2023
- [Asia-Pacific Economic Cooperation \(APEC\) Economic Leaders' Week Kicks-Off in San Francisco](#), U.S. Department of State, November 13, 2023
- [USCIB Co-Signs Letter Condemning Administration Decision to Withdraw Support for Cross-Border Data Flow Proposals at WTO](#), United States Council for International Business, November 13, 2023
- [G7 Trade Ministers' Meeting in OSAKA-SAKAI](#), Ministry of Foreign Affairs of Japan, last updated November 9, 2023
- [U.S. Chamber and Other Associations Letter to NSC/NEC on Digital Trade](#), U.S. Chamber of Commerce, November 7, 2023
- [2023 Asia-Pacific Economic Cooperation \(APEC\) Leaders' Week \(FPC Briefing\)](#), U.S. Department of State, November 6, 2023
- [LaHood, DelBene Statement on USTR Decision to Abandon Digital Trade Leadership at the WTO](#), Office of Rep. Darin LaHood, October 26, 2023

2 — Autos and AI, the New Trade and Tech Chessboard — 2

[In One Sentence]

- Speaking at an auto plant in Illinois, U.S. President Joe Biden accused China of attempting to “dominate the electric-vehicle market by using unfair trade practices.”
- In an effort to ensure U.S. leadership on artificial intelligence (AI), President Biden signed an executive order to establish new standards for AI safety as well as relevant privacy and rights concerns.
- President Biden also committed to “continue to work closely with allies and partners” on AI standards, including through the United Nations and the G7.
- During their meeting in Woodside, California on November 15, U.S. President Joe Biden and Chinese President Xi Jinping affirmed the need to improve AI safety through “U.S.-China government talks.”
- The U.S. trade deficit increased slightly in September, largely due to import growth in auto parts and engines.

[Mark the Essentials]

- While agreeing to establish government-to-government talks on AI, President Xi Jinping also complained about U.S. attempts to curb or suppress China’s “right to development” and called for the U.S.’ unilateral sanctions to be lifted and a “fair and nondiscriminatory environment [provided] for Chinese businesses.”
- According to a Carnegie Endowment for International Peace expert, both the United States and China have begun to acknowledge the need for some level of coordination on artificial intelligence governance, especially to tackle common safety challenges. Nevertheless, competition over AI capacity and technology development will likely persist, as well as the fight for control and influence over standard setting.
- At the recent AI Safety Summit hosted by the UK at Bletchley Park, once the top-secret home of World War II codebreakers, more than 20 countries—including the United States, China and the European Union—jointly acknowledged the “enormous global opportunities” and “significant risks” that AI technology poses. The parties “resolve[d] to support an internationally inclusive network of scientific research on frontier AI safety” and to “sustain an inclusive global dialogue.”
- Meanwhile, the United States and the European Union are seeking public input and suggestions to develop a “list of 65 key AI terms essential to understanding risk-based approaches to AI, along with their EU and U.S. interpretations and shared EU-U.S. definitions.” The move derives from the US-EU Trade and Technology

Council's (TTC) effort on establishing a "Joint Roadmap on Evaluation and Measurement Tools for Trustworthy AI and Risk Management."

- Ahead of President Biden's accusation against China's unfair practices in the EV sector, a bipartisan group of U.S. lawmakers called on U.S. Trade Representative Katherine Tai to impose tariffs on China's automobile imports to prevent U.S. "dependency" and the consequent "hollowing out" of the American auto industry.

[Keeping an Eye On...]

- On November 15, President Joe Biden and President Xi Jinping held a successful summit meeting at the Filoli Estate, a grand country house and garden set on rolling green grounds near the California coast. The meeting was notable on two counts. First, it consolidated the diplomatic process that was initiated by the two leaders in Bali in November 2022 on the sidelines of the G20 Leaders' Summit. This consolidation of ties will come in handy in 2024 to troubleshoot irritants that will almost certainly crop up in what is expected to be a raucous U.S. election year. The consolidation of ties could even serve as a useful jumping-off point to construct a durable architecture of candid but constructive coexistence in the mid-2020s, should President Biden manage to secure reelection. Second, the meeting enabled Washington and Beijing to harvest a number of low-hanging 'deliverables'; namely, on fentanyl precursors, reopening mil-mil communication channels, climate change, and AI. The agreement to establish government-to-government talks on AI, as with the case of the electric vehicles (EVs) sector, speaks to the multilayered complexity of U.S.-China ties. Washington has extensively utilized its strategic trade and technology controls to stanch the flow of high-performance chips to China and stifle technological progress within its AI ecosystem. At the same time, both countries see merit in a bilateral conversation that seeks to limit harms originating from frontier AI systems in areas such as nuclear command and control, so as to ensure that machine-determined algorithms are not allowed to dictate critical decision making. Washington has aggressively sought to decouple EV supply chains from China and labeled it as a "foreign entity of concern" in the context of enjoyment of Inflation Reduction Act (IRA) tax credits. At the same time, the climate envoys of the United States and China issued a joint statement—a notable rarity these days in U.S.-China relations—on climate change, which will enable the two countries to pull together on the road to COP28 and beyond. Electrification of the transportation sector, with EV's at the forefront, is key after all to the green transition. Going forward, it is just as likely that Washington and Beijing will be locked in rivalry and cooperation in other fields too. The world's number one and number two economies are fiercely competitive, yet also too intertwined to be disjointed into neat exclusionary blocs. And at the same time, they are propelled by force of sheer political self-interest to fraternize on the big transnational questions of the day.

[Expanded Reading]

- [President Xi Jinping Meets with U.S. President Joe Biden](#), Ministry of Foreign Affairs, People's Republic of China, November 16, 2023
- [Readout of President Joe Biden's Meeting with President Xi Jinping of the People's Republic of China](#), The White House, November 15, 2023
- [Remarks by President Biden on Delivering for Working Families and Creating Good-Paying Union Jobs | Belvidere IL](#), The White House, November 9, 2023
- [US lawmakers want Biden to hike tariffs on Chinese-made vehicles](#), *Reuters*, November 8, 2023
- [U.S. International Trade in Goods and Services, September 2023](#), U.S. Bureau of Economic Analysis, November 7, 2023
- [Executive Order on the Safe, Secure, and Trustworthy Development and Use of Artificial Intelligence](#), The White House, October 30, 2023
- [Input on the First Edition of TTC WG1 EU-U.S. Terminology and Taxonomy for Artificial Intelligence](#), European Commission, October 30, 2023



[Legislative Developments]

- The House Ways and Means Committee advanced a bill that proposes to create a new Global Trade Specialist position at Customs and Border Protection to “stop foreign bad actors from breaking America’s trade laws and harming American workers.”
- A bipartisan pair of Senators proposed a bill to increase transparency in trade data and tighten trade law enforcement by requiring aircraft, truck, and rail shippers of U.S. imports to publicly disclose aggregate data on shipper, destination, type and volume of cargo, etc.
- The Senate voted to approve a resolution that proposes to overturn the Biden administration’s temporary waiver of certain “Buy America” requirements for materials used in electric vehicle chargers, passing the bill to the House. Soonafter, the Biden administration announced that it will veto the resolution should it pass both chambers of Congress.

[Hearings and Statements]

- In a letter to the Biden administration, ten progressive lawmakers led by Senator Elizabeth Warren and Rep. Jan Schakowsky expressed “appreciation” for “suspending negotiations on aspects of the IPEF digital text that can be used to frustrate privacy, AI, civil rights and liberties, anti-monopoly, gig worker and other digital safeguards.”
- The New Democrat Coalition, a center-left coalition of “pragmatic House Democrats,” urged the Biden administration to return to reciprocal bilateral and regional trade agreements, lower barriers to trade and include market access provisions in IPEF negotiations.
- Senate Finance Committee Chair Ron Wyden and ranking member Mike Crapo requested three federal agencies—including the Customs and Border Protection—to provide information on their use of artificial intelligence. The Senators acknowledged the “powerful potential” of AI to “speed legitimate trade” and efficiently “catch trade cheats,” but warned that the agencies must also establish safeguards to manage risks posed by AI.

[Expanded Reading]

- [New Dem Trade Task Force Leads Effort to Grow Partnership with the Administration on a Strong, Proactive Trade Agenda](#), New Democrat Coalition, November 9, 2023
- [Wyden, Crapo Press Federal Agencies on Use of Artificial Intelligence](#), United States Senate Committee on Finance, November 9, 2023
- [US Senate votes to reject 'Buy America' EV charging waiver](#), Reuters, November 8, 2023
- [Statement of Administration Policy, S.J. Res. 38](#), Executive Office of the President, November 8, 2023
- [Schakowsky, Warren Lead 10 Lawmakers Commending Biden administration for Countering Big Tech Influence in Trade Negotiations](#), Office of Rep. Jan Schakowsky, November 7, 2023
- [Ways and Means Advances Real Solutions to Real Problems Faced by Real Americans](#), House Ways and Means Committee, November 3, 2023
- [Whitehouse, Cassidy Introduce Bipartisan Legislation To Increase Transparency Of Shipping Manifests](#), Office of Senator Sheldon Whitehouse, November 2, 2023