Trade Update

June 9, 2020

By Michael Anderson

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Highlights

- **USMCA:** The uniform regulations were published last week outlining the auto rules of origin for USMCA less than three weeks prior to USMCA entering into force on July 1st.
- **U.S. - China Trade:** President Trump raised the possibility of a new retaliatory tariff on China in response to China's current retaliatory tariff on lobsters.
- **U.S. - U.K. :** Round two of official bilateral trade talks are expected to start on June 15th. A bipartisan group of House lawmakers, led by Rep. Daniel Kildee, sent a letter to Amb. Lighthizer recommending specific outcomes on agriculture in the U.S. – U.K. trade negotiations."
- **WTO**: The nomination period opened this week for the new WTO Director General with Mexico putting forth Mr. Jesus Seade, Undersecretary of Foreign Relations for North America, and Nigeria nominating Ms. Ngozi Okonjo-Iweala, a former World Bank executive and minister of finance, economy, and foreign affairs in Nigeria
- **Ag-Economy Barometer:** The barometer improved slightly in May after falling sharply the past few months and remains at near historic lows as the farm sector struggles through the economic upheaval of the coronavirus.

Quote of the Week: Regarding EU retaliatory tariffs on U.S. lobster exports, "And it's easy to solve … and if they don't change, we're going to put a tariff on their cars until they change." (Remarks by President Donald Trump, *Roundtable on Supporting America's Commercial Fishermen*)

USMCA

- With less than one month before the USMCA's implementation, the auto industry can now examine the agreement's auto rules. Earlier this week, the long-awaited uniform regulations for the USMCA's rules of origin were released, leaving the auto companies with less than a month to implement the rules before the USMCA enters into force on July 1, unless automakers apply and receive longer transition periods. Automakers under USMCA can apply for transition plans lasting up to five years. According to American Automotive Policy Council President Matt Blunt, U.S. automakers are working with the administration to address areas of concern with the uniform regulations. The USMCA auto rules of origin require that 75% of a car's content be made in North America if it is to benefit from duty free treatment; the threshold was 62.5% under NAFTA. The new agreement also creates a new labor-value content rule, mandating that 40-45% of an auto's content employing workers earning at least $16 per hour to receive duty free treatment.
- As reported earlier, Mexican Undersecretary for Foreign Trade Luz María de la Mora announced that the Mexican government plans to use the USMCA's non-market economy clause to begin soliciting information from the U.S. about its trade negotiations with China. "We will definitely request the U.S. to see what have been the conversations and what it is that they are negotiating with China because it will be important for the three of us to know the details of that agreement," she said. In the USMCA, Article 32.10 notes that "Upon request of another Party, a Party intending to commence free trade negotiations with a non-market country shall provide as much information as possible regarding the objectives for those negotiations." Additionally, De la Mora noted that the Mexican government intends to stay on top of U.S.-China trade relations and hopes to begin requesting information on July 1st, the day the USMCA enters into force.

Section 232 Tariff Actions

- The Commerce Department (Commerce) initiated another 232 investigation—the 3rd in the past few weeks—on imports of vanadium, which Commerce indicates is critical to a host of industrial sectors including defense, aerospace, and energy. The vanadium 232 investigation is based on a petition filed last November by domestic producers AMG Vanadium LLC and U.S. Vanadium LLC. In a statement Commerce stated, "Vanadium is a metal used in production of metal alloys and as a catalyst for chemicals across aerospace, defense, energy, and infrastructure sectors." Commerce Secretary Wilbur Ross called the metal "integral to certain aerospace applications." "We will conduct a thorough, fair, and transparent investigation to determine whether vanadium imports threaten to impair U.S. national security," he added in the statement.
- A few weeks ago, Commerce launched the Trump Administration's 6th and 7th section 232 investigations, transformer parts and mobile cranes, respectively, to investigate potential threat to national security over these imported products. The first investigations resulted in President Trump imposing tariffs of 25% and 10% on imports of steel and aluminum, respectively, based on Commerce's Section 232 investigation that found such imports were a threat to national security.
- Prior to the Vanadium Section 232 investigation was announced, Senator Grassley acknowledged that Section 232 reforms to curtails the tariff tool by the White House has stalled in the Congress. For more than a year, Sen. Grassley has worked to broker a viable legislative pathway to competing section 232 reform bills by Sen. Toomey and Sen. Portman, among others. Lamenting lack of progress and multiple extensions of self-imposed deadlines on the challenging endeavor, Sen. Grassley said, "Two things I've found out in the year that I've been trying to do something on this. Number one, it's difficult to get bipartisan agreement on what to do and, secondly, there's some Republicans who don't want to advance [the bill] because they might be seen as doing it in an anti-Trump fashion."

COVID-19 Developments

- During a webinar hosted by the Economic Club of New York, Amb. Robert Lighthizer said that the U.S. should establish a post-coronavirus pandemic industrial policy—which could include increased tariffs and subsidies—to bring supply chains back to the U.S. Amb. Lighthizer said that "we have to have an industrial policy so we never find ourselves in this position again where we're not independent on … material that's really, really important to the country." Amb. Lighthizer suggested that "after the crisis is over, we need to have an industrial policy that assures that the United States has in any future crisis the ability to manufacture at home all the things we need." Lighthizer added that President Trump supports such an approach and that several members of Congress "are looking at that." White House trade advisor Peter Navarro previously touted a draft executive order on reshoring supply chains to the U.S., but it has yet to be issued.
- Citing the economic impact of COVID-19, the U.S. Department of Agriculture (USDA) lowered its forecast for total U.S. agriculture exports in Fiscal Year 2020 in its Outlook for U.S. Agricultural Trade report. U.S. agricultural exports in FY 2020 are projected at $136.5 billion, a $3 billion drop from the previous forecast, "primarily due to reductions in bulk commodities including soybeans, cotton, corn, and wheat." Asia accounts for two-thirds of the reduction. The outlook states that the "COVID-19 outbreak has created a shock to the world economies that will cause an unusually high level of uncertainty for the foreseeable future." For U.S. soybean exports, the USDA reduced its previous estimate to a total of $16.5 billion for FY2020, down $1.9 billion, in part because of "increasingly competitive Brazilian exports." Due to reduced foreign demand, cotton exports forecast is down $1 billion. Similarly, corn exports are projected at $8 billion, down $500 million. U.S. agricultural imports for FY2020 are projected at $130.2 billion, down $2.3 billion from the previous forecast.

Table 1--U.S. agricultural trade, fiscal years 2014-20, year ending September 30

Item	2014	2015	2016	2017	2018	2019	Forecast fiscal year* 2020	
							Feb.	May
	Billion dollars							
Exports	152.3	139.8	129.6	140.2	143.4	135.5	139.5	136.5
Imports	109.3	114.2	113.0	119.1	127.5	130.9	132.5	130.2
Balance	43.1	25.5	16.6	21.1	15.9	4.6	7.0	6.3

*Reflects forecasts in the May 12, 2020, *World Agricultural Supply and Demand Estimates* report.
Source: USDA, Economic Research Service and Foreign Agricultural Service analysis and forecasts using data from U.S. Department of Commerce, Bureau of the Census.

China Trade

Phase One Agreement

- In a meeting in Maine with U.S. lobster groups, President Trump threatened new tariffs on China in response to the groups' concerns on China's current retaliatory tariffs on U.S. lobsters. President Trump said he will task White House advisor Mr. Navarro to "pick a product" from China on which to impose further tariffs if China refuses to drop its tariff (37%) on Maine lobsters. Separately President Trump acknowledged that China is living up to the "phase-one" trade agreement and is making large purchases of U.S. products.
- Last month, President Trump announced a series of measures against China, including potentially revoking Hong Kong's special trade status with the U.S. (see more details below) and withdrawing from the World Health Organization, in response to mounting frustrations with China's handling of the coronavirus and recent foreign policy actions. At this writing, the phase one deal appears unaffected and remains intact.
- As recently as last month, President Trump downplayed the importance of the phase one trade deal, while administration officials affirmed the deal would not be scrapped. "The trade deal, I don't know. Somehow, I lost a little flavor for it," Trump said. Regarding the deal Trump further said, "I don't want to talk about it. I can say China is buying a lot of our product. But the trade deal, the ink was barely dry when this (COVID19) came in from China, so it's not like we're thrilled." Separately that same day, Larry Kudlow, White House National Economic Council Director confirmed the phase one deal is alive and well. The agreement is "absolutely not" falling apart, Kudlow said. He conceded that China's agriculture purchases are not on pace to meet purchase level spelled out in the deal.

Hong Kong's Status

- No significant updates since President Trump announced several sweeping actions in response to growing frustrations and concerns with China's economic and foreign policy actions. In the press conference, President Trump cited significant concerns on trade (including intellectual property theft, unfair trade practices, and violations of its WTO obligations) and China's handling of COVID-19 and China's "total control" over the World Health Organization. Trump stressed "China's pattern of misconduct," and noted recent actions violating policies regarding Hong Kong and that Hong Kong was "no longer autonomous" from China, paving the way for revocation of its special trade status with the U.S. There was no mention of changes to China tariffs or the "phase one" trade deal with China. Further details and actions (i.e. executive orders) are expected over the next few days and weeks.
- A few weeks ago, Secretary of State Mike Pompeo notified Congress that Hong Kong "is no longer autonomous from China" leading to a potential change in treatment under U.S. trade laws. In a statement Pompeo stated, "… I certified to Congress today that Hong Kong does not continue to warrant treatment under United States laws in the same manner as U.S. laws were applied to Hong Kong before July 1997." "No reasonable person can assert today that Hong Kong maintains a high degree of autonomy from China, given facts on the ground." Under the United States-Hong Kong Policy Action of 1992, the President can revoke Hong Kong's special status through executive order. Under such an action Hong Kong would face the same U.S. import tariffs, export controls, and trade sanctions, including section 301 tariffs, presently imposed on China. The U.S. ran a $26 billion goods surplus with Hong Kong in 2019, according to Census data.

U.S.-Japan Trade Agreement

- Potential U.S.-Japan phase two trade talks remain beholden to COVID-19. Several observers have noted that each government is rightly focusing on coronavirus management, and the odds of talks getting off to a fast start appear increasingly unlikely as time passes and the U.S. presidential election approaches. Prior to the outbreak of COVID-19, commencement of negotiations on a phase two or a comprehensive trade deal were expected no earlier than May according to several sources.

U.S. - EU Trade Agreement

- In a roundtable with commercial fishermen during his visit to Maine, President Trump renewed his threat to place tariffs on auto imports from the European Union unless it drops its tariffs on U.S. lobsters. After heading concerns about the EU tariffs, Trump said "If they don't change, we're going to put a tariff on their cars right away." Currently, the EU imposes an 8% tariff on live Maine lobster and tariffs ranging from 16% to 20% on processed lobster. President Trump has periodically threatened to impose tariffs on European autos throughout his presidency, but has yet to take any action.

  At a meeting of EU agriculture ministers, France asked the European Commission to provide a compensation fund for winegrowers and create storage aid measures for veal, ping, and goat meat. Didier Guillaume, France's Agriculture Minister said, "Winegrowers are the victims of trade conflicts and cannot deal with the consequences." European winegrowers are still suffering the impact of the 25% tariffs imposed by the U.S. last October as a result of the dispute over European subsidies for Airbus. Guillaume further added, "France expects the Commission to propose a new package of storage aid measures for veal, pig meat, and frozen goat meat."
- EU and U.S. officials are eagerly awaiting announcement of the award amount in the EU civil aircraft counter suit regarding Boeing. EU officials again called for a settlement to the dueling civil aircraft cases, yet noted the U.S. appears locked into the present situation having applied tariffs on over $7.5 billion on EU merchandise in accordance with the WTO ruling on illegal launch aid for Airbus. EU trade official Sabine Weyand said, "I'm afraid that we will have to wait for our award and the imposition of sanctions by the EU on the U.S. side in order to rebalance the level playing field in terms of the negotiation." She continued, "So, I think we will probably have a few more difficult months ahead of us before we manage to get everyone to the negotiating table. But that would be our objective."
- Recently the U.S. notified the WTO "that it has fully complied in the dispute brought by the European Union" against illegal subsidies for Boeing aircraft production, according to a press release by USTR. Amb. Lighthizer in the statement noted, "With Washington State's repeal of this relatively minor tax reduction, the United States has fully implemented the WTO's recommendation, ending this dispute." "This step ensures that there is no valid basis for the EU to retaliate against any U.S. goods.
- Last October a WTO panel announced a damage award of $7.5 billion in the U.S. case on illegal launch aid for Airbus' civil aircraft program, clearing the way for the Trump Administration to impose duties on EU imports in the 15-year long trade dispute. In the most recent action on the Airbus dispute, the U.S. raised the tariff on EU aircrafts to 15% according to a previous deadline announced by President Trump. EU officials continue to emphasize the importance of reaching a larger understanding to end the 15-year aircraft dispute.

U.S. - U.K. Trade Agreement

- A bipartisan group of House lawmakers sent a letter to Amb. Lighthizer urging U.S. negotiators to "secure strong and comprehensive agriculture commitments" in U.S.-U.K trade talks and laid out specific priorities including:
  - Science-based standards and rules for food safety practices modeled after USMCA.
  - Address tariff and quota barriers to achieve "completely open market access for U.S. agriculture goods.
  - Maintain U.S. WTO rights and tariff rate quotas (TRQs).
  - Prevent the "abuse of geographical indications to restrict the trade of products with common names.
  - Ensure an enforceable trade deal.
- The letter further emphasized the "unique opportunity" for U.S. agriculture exporters to improve market access in Europe and with the highest standards for agriculture provisions. The letter was spearheaded by Rep. Daniel Kildee and also signed by Democrats Rep. Ron Kind, Suzan DelBene, Terri Sewell, Jimmy Panetta, and Jackie Walorski, along with Republicans Darin LaHood, Ron Estes, Adrian Smith, Tom Rice, Jodey Arrington, and Drew Ferguson.

Daniel Kildee, Congressman

- Round two of virtual U.S-U.K. trade negotiations expected to start on June 15 and last two weeks. Both sides have continued low-level communication since the conclusion of round one talks.
- Separately, the U.K. released its post-Brexit tariff schedule, effective January 2021, which allows 60 percent of imports to enter the U.K. tariff-free while retaining tariffs on sensitive industries like agriculture and autos, according to the Department of International Trade (DIT). The new tariff schedule (i.e. U.K. Global Tariff) will maintain EU tariffs on certain agricultural products (e.g. beef, lamb and poultry), as well as a 10 percent tariff on autos, according to DIT's press release. The UK will remove tariffs on nearly $37 billion worth of production inputs for businesses and a number of consumer goods, including dishwashers, sanitary products, paint and cooking products. The DIT also indicated "nuisance tariffs," or those under 2 percent would be eliminated.
- Referring to the new tariff schedule Liz Truss said, "For the first time in 50 years we are able to set our own tariff regime that is tailored to the UK economy." "Our new Global Tariff will benefit UK consumers and households by cutting red tape and reducing the cost of thousands of everyday products. With this straightforward approach, we are backing UK industry and helping businesses overcome the unprecedented economic challenges posed by Coronavirus."

U.S.-Kenya Trade Developments

- Speaking at an event hosted by the Economic Club of New York, Amb. Lighthizer reiterated the importance of securing a trade deal with Kenya as the keystone to a larger trade policy approach in the African continent. A deal with Kenya would set the stage for the U.S. to secure more deals with African countries, Lighthizer said, adding that "now is the perfect time" for the U.S. to get the rules right on trade in Africa. He continued emphasizing the quality and breadth of an agreement is also crucial. "I think it's really, really important that we have one African country that we really have a good agreement with," he said. "Europe has a bunch of agreements, but they're really not very complete and they're not very high standards. China has some activity there. So, it's important the United States has what we consider to be a really, really good agreement." Amb. Lighthizer noted that official negotiations could start as early as next month.
- As reported earlier the USTIC, at the request of USTR, has launched an investigation into the probable economic effects of eliminating tariffs on some imports from Kenya. The report is required under Section 131 of the Trade Act of 1974 and will examine the "probable economic effect of providing duty-free treatment for imports of currently dutiable products from Kenya on industries in the United States producing like or directly competitive products and on consumers." The USITC will hold a virtual hearing in connection with the investigation on July 7th and expects to submit its confidential report to USTR by Sept. 16th.

U.S. - Brazil Trade Developments

- According to Nestor Forster, charge d'affaires at the Brazilian Embassy in the U.S., negotiations between the U.S. and Brazil on a limited trade deal are nearly finalized. During a webinar hosted by the Atlantic Council, Forster said "We have made a lot of progress in regards to trade facilitation … that is one area where we are very close to wrapping up conversations." The two sides hope to conclude a phase one deal by the end this year that covers areas of regulatory prices, trade facilitation, anticorruption, and possibly digital trade. Both U.S. and Brazilian governments suggest that the initial deal could facilitate a broader trade agreement. Amb. Forster also addressed concerns raised by House Ways & Means Committee Democrats in a letter that strongly opposed "pursing any type of trade agreement with the Bolsonaro government in Brazil." The letter listed several reservations relating mostly to human and environmental rights. Amb. Forster said that "it's very helpful for us to engage in those expressions so we can clarify points and misinformation."
- A broader or comprehensive agreement would be targeted for completion in 2021. Executive director of the U.S.-Brazil Business Council, Cassia Carvalho said there is a "great sense of momentum" in the trade talks and progress is being made on prioritizing the chapters and timeline toward having a deal completed by end of 2020. Several U.S. and Brazilian business groups have called for inclusion of sanitary and phytosanitary standards (SPS) and intellectual property (IP) provisions in a limited deal. It is unclear whether SPS and IP are under consideration in negotiations.

U.S. - India Trade Developments

- Recently, a senior State Department official raised concerns of increasing complexities regarding a potential U.S.- India trade deal. Alice Wells, acting assistant secretary of State for South and Central Asia, characterized recent actions by India as "backsliding" and complicating efforts for a trade deal. Wells said the Trump Administration remains committed to improving the bilateral relationship and lowering India's barriers on U.S. exports. Wells said the two countries "are continuing to work toward a deal. I can't predict whether a deal will be reached this year, but the impetus for achieving a trade deal is very much present."
- As reported earlier, President Trump and Prime Minister Modi announced in February they had "agreed to initiate negotiations for a bigger deal," as earlier ambitions for a quick limited deal evaporated. Trump stated the two sides "have made tremendous progress on a comprehensive trade agreement." Trump said that a deal could be achieved toward the end of the year but offered that if there is no trade agreement "we will do something else that will be very satisfactory."
- A primary motivation for India in the trade deal is restoration of India's GSP benefits, valued at approximately $6.4 billion. The U.S. earlier revoked India's GSP benefits and is calling for reciprocal market access in India for agriculture products, industrial goods, and services in order to restore GSP.

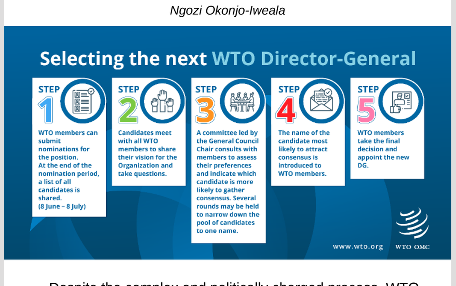
Seasonal Produce

- Mexico's former chief USMCA negotiator, Kenneth Smith Ramos noted that Southern growers continue to push USTR to curtail imports of seasonal produce from Mexico. Mr. Ramos noted that growers mainly in Florida and Georgia unsuccessfully advocated for special provisions in the USMCA to curtail Mexico's seasonal produce imports, including through use of anti-dumping or countervailing duties. He noted that these grower groups continue to seek actions that would mitigate alleged unfair imports from Mexico. Mexican officials have also expressed concern over potential increased U.S. border inspections on seasonal produce. Last year under a revised tomato suspension agreement, Mexico agreed to more frequent inspections of tomatoes.
- As reported earlier, USTR postponed of two public hearings on seasonal produce due to complexities under local and government restrictions regarding COVID-19. The hearings were part of multi-step plan outlined in a January 9, 2019 letter from Amb. Lighthizer to the Florida congressional delegation to review and determine options regarding "trade-distorting policies that may be contributing to unfair pricing in the U.S. market for seasonal and perishable products and to assess the impact of those policies on U.S. producers." The letter notes that within 60 days after "entry-into- force" of the USMCA, the USTR will "implement effective and timely remedies necessary to address any trade distorting policies" affecting U.S. growers. Additionally, within 90 days, the Department of Commerce, U.S. Department of Agriculture and USTR will have hearings in Florida and Georgia to hear testimony from growers. According to USTR, "At the hearings, officials from the federal agencies will hear from interested persons on how the Trump Administration can support these producers and redress any unfair harm."
- Prior to suspension of the hearings, Mexican government officials warned the country may be forced to react should the U.S. impose restrictions on seasonal produce trade. Mexican Undersecretary for North America Jesús Seade said Mexico would use USMCA's dispute settlement mechanism as well as direct measures "to start." He emphasized that Mexico would "probably take action of a similar commercial magnitude on appropriate sectors, it could be agricultural sectors." Seade affirmed that "if anything is inconsistent with our commitments, we will have to respond."

General Trade/WTO Reform

- The search for a new WTO leader formally kicked-off this week with the "nomination phase" opening yesterday, June 8th, and closing on July 8th according to a previous WTO announcement.
- Mexico has raised the stakes in the race to select the next WTO Director General (DG) by officially nominating its heavyweight trade negotiator Jesús Seade Kuri. Seade is a well-known trade negotiator, working as a chief economist for the World Bank in the 1980s and Mexico's chief negotiator for the Uruguay Round. Seade later became the first deputy general of the WTO when it was created in the early 1990s. Seade is currently Mexico's undersecretary of foreign relations for North America and was brought in to lead the negotiations for the USMCA.
- Nigeria announced its intention to nominate Ngozi Okonjo-Iweala as the nation's candidate to be the next Director-General for the WTO. Okonjo-Iweala is a former World Bank executive and served as a minister of finance, economy, and foreign affairs in Nigeria. The African Union had voiced the ambition to settle on a single African candidate to put forward, but it remains unclear if Okonjo-Iweala will be the only candidate from the continent. Nationality has been a key factor in past DG nomination process, as have a country's development status and geographic location.

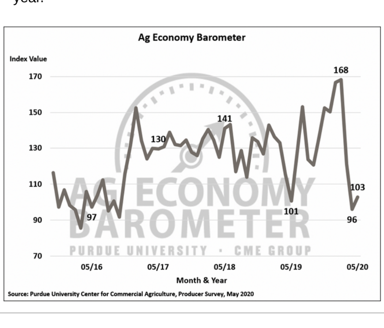
Ngozi Okonjo-Iweala



- Despite the complex and politically charged process, WTO members are seeking to secure consensus on a new Director General (DG) prior to September 1st when current DG, Roberto Azevêdo, will vacate the role. Last month DG Azevêdo announced he would leave the post early citing present challenges with the delayed 12th Ministerial due to COVID-19 and that the time was ripe for new WTO leadership. According to WTO experts, the support from the U.S., China, and EU will be critical for securing a new DG in the short 3-month window.
- A senior EU diplomat said the WTO "needs a course correction," noting that WTO members must "think big" yet "start small to build trust and confidence." Arancha González-Laya, Spain's Minister of Foreign Affairs said the WTO needs reform, but should not be completed demolished, emphasizing the WTO "makes trade possible" through rules, monitoring, liberalization and settling disputes." She added that member countries benefit from these opportunities, but international cooperation is a key determinant of success. Minister González's is considered a potential candidate to replace departing DG Azevêdo.
- Contrary to prior statements by President Trump and recent legislation calls for U.S. withdrawal from the WTO by Sen. Hawley and Rep. DeFazio and Pallone, Amb. Lighthizer said he was "not in favor" of withdrawal. Lighthizer however stresses that the WTO needs reform and U.S. participation in the WTO has not served the U.S. well. He explained that the WTO has become a forum for litigation rather than its intended purpose, negotiation, and cited beyond the Trade Facilitation Agreement the WTO has not held any real trade negotiations since its inception in 1994.
- Last month Sen. Josh Hawley put forth a joint resolution for U.S. withdrawal from the WTO. Hawley contends, "International organizations like the WTO have enabled the rise of China and benefited elites around the globe while hollowing out American industry, from small towns to once-thriving urban centers." On the House side, Representatives Peter DeFazio and Frank Pallone also introduced legislation for the U.S. to withdraw from the WTO. In a joint statement Rep. DeFazio stated, "The United States has not benefitted from membership in the WTO" and that "The WTO has been a disaster for the United State." Rep. Pallone said, "After 25 years of participation in the World Trade Organization, our workers have seen little to no benefits for their families and have instead watched as the WTO gives countries like China protections to use tariffs and other unfair trade practices to its advantage."
- The last time Congress voted on WTO withdrawal was in 2005, when the House overwhelming defeated a withdrawal resolution 338-86. The Senate has never voted on withdrawal according Politico. Both as a presidential candidate and President, Trump has threatened to withdraw the U.S. from the WTO, yet to date, USTR's repeated calls for WTO reform and dissolution of the Appellate Body have stopped short of signaling the withdrawal option.
- According to China's Ministry of Finance, China's mission to the WTO submitted a report to the WTO's Government Procurement committee earlier this week outlining the steps it has taken to reform its practices. In a process that began in 2007, China continues to negotiate its accession to the Government Procurement Agreement. China became an observer to the GPA in February 2002.
- In an op-ed penned by Bruce Hirsh for the National Foreign Trade Council, Hirsh says that "member governments of the World Trade Organization should take steps now to help restore the WTO's core dispute settlement function." In his analysis, released this week, Hirsh addresses the elements of a likely reform package. Hirsh suggests that the package should: (1) "Provide clear guidance that Appellate Body reports do not constitute binding precedent, but may, as with panel reports, be cited for their persuasive value;" (2) "Replace the Appellate Body secretariat with clerks seconded from the WTO secretariat;" and (3) "Provide guidance on the role of adjudicators and of the Appellate Body that emphasizes their role of assisting WTO Members in resolving disputes rather than making law."

Ag Economy Barometer

- The Ag Economy Barometer improved slightly in May after falling sharply the past few months. Farmer sentiment improved slightly in May after falling sharply the past two months. The index of farmer sentiment was up 7 points reaching 96, significantly below the peak of 168 in February as the farm sector struggles through the economic upheaval of the coronavirus.
- Concerns regarding the impact of the COVID-19 remain high as over 70 percent of the survey respondents said they are either "very worried" or "fairly worried" about coronavirus' impact on their farm's profitability and over 60 percent said they expect farmers' equity positions to decline over the next year.



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