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Trade Update

September 1, 2020

By Michael Anderson

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Highlights

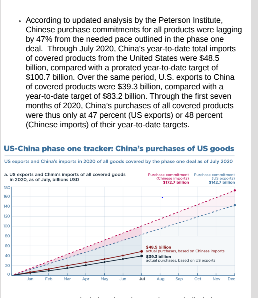
- **U.S. - China:** China announced another round of large corn and soybean purchases as the latest data suggest China remains well behind on total import purchase commitments under the phase one deal.
- **U.S - EU:** EU Trade Commissioner Phil Hogan abruptly resigned over COVID violations on the heels of securing a small tariff package cut with the U.S. The resignation comes as the U.S. and EU spar over several trade tensions including civil aircraft and France's digital services taxes.
- **Seasonal Produce:** USTR is scheduled to release an action plan by today (Sept. 1) to address alleged unfair imports of seasonal produce raised by Florida and Georgia growers. Mexico officials maintain any U.S. action that violates USMCA or WTO commitments will compel a retaliatory action.
- **U.S. – Taiwan:** Taiwan announced lower tariffs on U.S. beef and pork exports removing a major trade barrier to potential talks on a U.S. – Taiwan free trade agreement.
- **WTO:** Roberto Azevedo stepped down yesterday as leader of the WTO. The WTO Director-General selection process moves to the "consultation" phase next week to winnow down the eight candidates through three successive rounds.

China Trade

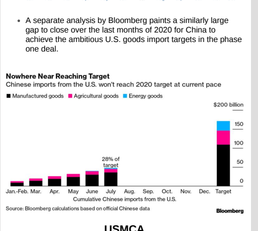
- On August 18, USTR issued a notice requesting written comments in preparation for its annual report to Congress on China's implementation of commitments made in connection with its accession to the WTO. Unlike in years past, USTR is collecting written comments only (through September 16), and is not planning to hold a public hearing.
- During his Republican National Convention speech, President Trump reiterated threats to place tariffs on U.S. companies operating in China unless they brought jobs back to the U.S. President Trump initially raised the tariff threat at a campaign rally in Pennsylvania saying, "We'll put tariffs on those companies, and they'll have to pay us a lot of money." "So what are they going to do? They're going to bring jobs back." Trump has not cited what authority or how the tariffs would be administered. Trump also repeated his defense of trade policy positions including withdrawing from the U.S. from the Trans-Pacific Partnership and that allowing China to join the WTO was a colossal mistake.
- As reported earlier, Customs and Border Protection issued a *Federal Register* notice (August 11) indicating that imported goods produced in Hong Kong will now have to be marked to indicate "China" as their origin, giving companies a transition period through September 25. The notification implements provisions in President Trump's executive order issued last month regarding removal of U.S. preferential treatment of Hong Kong as a separate customs territory under the United States-Hong Kong Policy Act of 1992. This change makes Hong Kong-origin goods subject to the same China tariff rates and rules, including any applicable tariffs invoked under USTR's Section 301 investigation.

Phase One Agreement

- Amb. Lighthizer and Chinese Vice Premier Liu He held a much-anticipated 6-month check-in on the U.S.-China phase one trade agreement last week, saying they "see progress" and are committed to implementing the deal." USTR, in its statement, also said Lighthizer, Mnuchin and Liu "addressed steps that China has taken to effectuate structural changes called for by the Agreement that will ensure greater protection for intellectual property rights, remove impediments to American companies in the areas of financial services and agriculture, and eliminate forced technology transfer." USDA Secretary Perdue echoed a positive tone on agriculture commitments noting that "China phase one is moving relatively well over the last four to six weeks." However, he added, "From a purchasing standpoint, they're still going to have to really hit full stride in order to meet their commitments for 2020." The phase one deal prescribes that the USTR and China's vice premier meet every six months to discuss progress on the deal.
- In the weeks prior to the call Amb. Lighthizer said that China has "done a pretty good job under the circumstances" regarding meeting commitments under the phase one trade deal. Amb. Lighthizer further noted that the phase one deal is not just limited to increased purchases of U.S. goods by China, but it also commits China to undertake structural changes in areas such as biotech approvals, financial services, intellectual property protection, forced technology transfer and currency. Those provisions are "pretty much on track," Amb. Lighthizer said.
- USDA reported additional large purchases by China for soybeans and corn. Last week China committed to purchase 747,000 metric tons of U.S. corn - suggesting corn demand remains strong in China due to rebuilding its hog herd and efforts to meet phase one purchase commitments. To date in August, Chinese buyers have contracted to import nearly 1.6 million tons of U.S. corn, according USDA. U.S. official exports 914,400 tons of corn to China in the first three weeks of August. Previously USDA reported sales of 1.937 million metric tons of corn to China on July 30 and 1.762 million tons on July 14. Both were record-breaking purchases in size.
- Separately, China announced further soybean purchases to close the lagging pace under the phase one deal. A Chinese Ministry of Agriculture spokesperson said purchases of U.S. soybeans are expected to "continue to increase" as part of the U.S.-China phase-one agreement. " "It is expected that [China's] soybean imports will increase steadily in the second half of the year, and the downstream supply of soybean meal and soybean oil is guaranteed."
- According to updated analysis by the Peterson Institute, Chinese purchase commitments for all products were lagging by 47% from the needed pace outlined in the phase one deal. Through July 2020, China's year-to-date total imports of covered products from the United States were $48.5 billion, compared with a prorated year-to-date target of $100.7 billion. Over the same period, U.S. exports to China of covered products were $39.3 billion, compared with a year-to-date target of $83.2 billion. Through the first seven months of 2020, China's purchases of all covered products were thus only at 47 percent (US exports) or 48 percent (Chinese imports) of their year-to-date targets.



- A separate analysis by Bloomberg paints a similarly large gap to close over the last months of 2020 for China to achieve the ambitious U.S. goods import targets in the phase one deal.



USMCA

- U.S. Customs and Border Patrol (CBP) reported USMCA implementation is progressing without incident to date. "We think things are going particularly smooth, all things considered," said Deputy Executive Assistant Commissioner Cynthia Whittenburg. "We recognize there was great anxiety, I think, leading into entry-into-force" on July 1, she said, noting the administration moved quickly to line up as much as possible by that date. Whittenburg said companies have not yet flagged significant challenges in complying with the USMCA's implementation provisions.

Cynthia Whittenburg, CBP Deputy Executive Asst. Commissioner

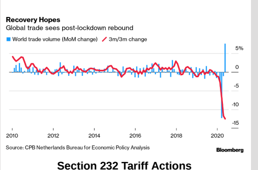
- As reported earlier, Republican Senators Mike Crapo, Mike Risch, and Cory Gardner are requesting Amb. Lighthizer and USDA Secretary Sonny Perdue employ "all available mechanisms," including USMCA provisions, to ensure market access for U.S. potatoes in Mexico. Although some U.S. potatoes are exported to Mexico under a 2014 decision, the issue has since been mired in litigation, which is awaiting a ruling by the Mexican Supreme Court. "Although U.S. potato producers can ship processed, dried, and frozen potatoes to Mexico, their access to the fresh potato market has been severely restricted and exports are only permitted within an approximately sixteen-mile zone south of the U.S.-Mexico border," the three Senators wrote in an Aug. 18 letter. "We encourage you to consider the use of all available mechanisms, including the new dispute resolution authority under the USMCA, to ensure Mexico honors its agreement to allow U.S. potatoes to reach Mexican consumers," they said.

U.S-U.K. Trade Agreement

- The third round of U.S. – U.K. trade talks concluded last month, with the fourth round expected in early September. U.K. Trade Secretary, Liz Truss highlighted the "positive progress" in the talks, noting negotiators held 33 sessions covering 21 "workstreams." The talks on intellectual property were "particularly detailed, text-based discussions," and the two sides "held their first text-based discussions" on rules of origin Truss said.
- As reported earlier, U.K. Trade Secretary Liz Truss earlier told The Times she was pushing the U.S. to lift bans on lamb and haggis, which the U.S. has banned since the late 1980s and early 1970s, respectively. However, the U.K. will continue to ban U.S. chicken, according to Tim Smith, the chair of the U.K.'s newly launched Trade and Agriculture Commission. The U.K formally launched the Trade and Agriculture Commission last month.

COVID-19 Developments

- Global trade rebounded in June as many countries reopened their economies from strict lockdowns earlier in the year. The sharp rebound follows historic declines in the previous three months in global trade flows. According to CPB World Trade Monitor, even after the 7.6% jump in June, trade was down 12.5% in the second quarter, with the headline index at the lowest since 2014.



Section 232 Tariff Actions

- USTR announced successful conclusion of steel negotiations with Mexico and Canada that will result in Mexico establishing a "strict export monitoring regime… through June 2021," according to a USTR statement released yesterday. The tri-lateral discussions were conducted under a mechanism established in a May 2019 agreement, USTR said. As part of the deal, the U.S. agreed to lift Section 232 on steel and aluminum imports from Mexico and Canada in exchange for the countries lifting retaliatory duties on U.S. goods. In exchange for Mexico's implementation of the monitoring mechanism on steel pipe, mechanical tubing, and semi-finished steel products, USTR noted "The United States will maintain the Section 232 duty exemption for imports of these products and will consult with Mexico in December of 2020 to discuss the state of trade in the relevant products in light of market conditions at that time." Amb. Lighthizer lauded the "successful negotiations" stating, "While the COVID-19 pandemic has challenged both of our countries in unprecedented ways, it has also underscored the importance of the strong economic partnership between the United States and Mexico and the need for close coordination to address common challenges." He continued, "Our successful consultations on steel prove it is possible for us to work together to find creative solutions that serve the interests of workers and businesses in both countries."
- The re-imposed tariffs on Canadian aluminum imports went into effect on Monday, August 16. President Trump previously announced 10 percent tariffs on some imported Canadian aluminum products citing a surge of Canadian aluminum into the U.S. USTR said in a statement that Canadian aluminum into the U.S. "has intensified in recent months, despite a contraction in U.S. demand."
- The Canadian government has announced counter tariffs on approximately $2.7 billion of U.S. aluminum and aluminum-containing products. The announced retaliation list includes products such as golf clubs, wheel rims, and refrigerators. After 30 days of consultations, final retaliatory tariffs will be imposed and will be "perfectly reciprocal," according to Chrystia Freeland. She continued, "Our objective here -- exactly as it was the last time -- is to inflict a minimal amount of damage on Canada and to have, frankly, the strongest possible impact in the United States." "Our trade officials have worked on this list very, very carefully. We do hope that when Americans look at this list, they will understand why having a tariff dispute is a really bad idea."

Ongoing 232 Investigations

- The three ongoing investigations are progressing at the Department of Commerce under "threat to national security" provision contained in section 232 of the Trade Expansion Act of 1962. The investigations involve transformer parts, vanadium, and mobile cranes. The initial comment period on Vanadium has closed and rebuttal comments due on August 17th.
- The Department of Commerce has 270 days to provide a report to President Trump determining whether the imports in question threaten to impair U.S. national security, along with a recommendation for action. President Trump will then have 90 days to determine whether or not to impose restrictions so that imports no longer threaten national security.

U.S. - Japan Trade Developments

- The impact of Prime Minister Shinzo Abe's resignation due to health reasons on a potential phase two U.S. trade deal remain unclear. Some observers note that Abe and Trump forged a unique relationship that allowed the two leaders to find mutual ground for a trade deal despite the roil over U.S. TPP withdrawal and threatened 232 tariffs on Japanese autos. Abe is credited with pushing the phase one trade legislation through the Japanese political process in record speed. Other observers suggest that Abe's successor will likely focus on defense issues as the threat of China will remain paramount, further delaying a U.S. phase two deal.

Shinzo Abe, Japanese Prime Minister

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U.S.-EU Trade

- Phil Hogan, the EU Trade Commissioner, resigned abruptly last week over breaches to coronavirus guidelines during a recent dinner with lawmakers. Hogan issued a statement expressing regret and making an "apology to the Irish people." Hogan attended a dinner the previous week at a golf club, near Ireland's west coast, in violation of coronavirus restrictions. The dinner, attended by about 80 politicians and government officials, violated a ban on large gatherings and fueled a sense that the powerful consider themselves above the rules they impose on others. Hogan's resignation will trigger a replacement nomination by Ireland for a new EU Commissioner. Commission President Ursula von der Leyen could shuffle the portfolios of the existing commissioners, making it unclear who will take on the trade portfolio.
- Days after the announcing a tariff package with the EU on eliminating EU tariffs on U.S. lobsters, The U.S. International Trade Commission (USITC) announced an investigation into possible negative effects of the Canada-European Union Comprehensive Economic and Trade Agreement (CETA) on the U.S. lobster industry and the volume of U.S. exports of lobster, as the request of USTR. The investigation, "Lobsters: Effects of the Canada-EU Trade Agreement on the U.S. Industry," was requested by Amb. Lighthizer in a letter on July 29. In a press release, the USITC outlined components of the investigation:
    - Provide an overview of the U.S. and Canadian lobster industries, including information on production and catch levels, employment, processing capacity, supply chains, prices, domestic consumption, and key factors that affect industry competitiveness;
    - Provide a description of trends in lobster exports from the U.S. and Canada to the European Union (EU) and United Kingdom (UK), as well as other major destination markets, including but not limited to China, over the last five years;
    - Provide information on the tariff treatment of U.S. and Canadian exports of lobster to the EU, the UK and other major destination markets, including but not limited to China, since the implementation of CETA; and
    - Provide a quantitative analysis of the economic effects of the CETA on the volume of U.S. exports of lobster to the EU and the UK.
    - The USITC expects to deliver the report to the USTR by January 29, 2021.
- The USITC will hold a virtual public hearing in connection with the investigation at 9:30 a.m. on October 1. Information about how to participate in the hearing will be posted on the commission's website no later than September 4.
- As reported earlier, the U.S. and EU announced a mini-trade package to cut tariffs on U.S. live and frozen lobsters, while reducing tariffs on selected EU products, including prepared meals, crystal glassware, surface preparations, propellant powers, cigarette lighters and lighter parts. Under the "Tariff Agreement," the EU will eliminate its tariffs on U.S. lobsters for a five-year period on a most-favored-nation basis (MFN), after five years the EU will take steps to make the tariff change permanent. U.S. tariffs on the small list of EU products noted above will be reduced by 50 percent on an MFN basis. Both tariff actions are retroactive to August 1st.

Civil Aircraft Disputes

- At the WTO's Dispute Settlement meeting last week, the U.S. indicated it seeks a "new process" to resolve the longstanding EU civil aircraft dispute. The U.S. said it was "committed to obtaining a long-term solution to this dispute" and emphasizing it "recently showed great restraint in its review of WTO-authorized countermeasures for the EU's WTO-inconsistent launch aid subsidies." As reported previously, USTR announced modest adjustments to the product list covering $7.5 million in EU products under the WTO Civil Aircraft case regarding illegal launch aid by Airbus. USTR removed list certain products from Greece and the U.K. and adding an equivalent amount of trade from France and Germany on the tariff list. The other tariffs remained unchanged at 15% for aircraft and 25% for all other products.
- EU officials have complained the U.S. is reluctant to negotiate a broader solution after repeated EU solicitations. EU officials are eagerly awaiting announcement of the award amount in the EU civil aircraft counter suit regarding Boeing, expected in October or November. EU officials remain skeptical that until the counter-tariffs under the Boeing award are initiated, the U.S. is locked in to the current $7.5 billion in tariffs on EU goods under the Airbus case.

French Digital Services Tax

- USTR announced the list of French goods worth $1.3 billion for potential imposition of 25% tariffs should France impose digital services taxes on U.S. companies next year. The potential tariffs result from a Section 301 investigation in which USTR concluded and announced it had found France's tax would discriminate against U.S. companies. Section 301 tariffs were delayed earlier in the year when President Trump and French President Macron struck a deal that would delay the imposition of U.S. tariffs while France deferred the collection of the tax to let negotiations at the OECD on a new international tax structure play out in hopes of a resolution. Those efforts have stalled, and France originally stated digital services taxes would start in January 2021.
- The list of goods from France facing 25% tariffs include soap, handbags and cosmetic products (fashion tariffs). Other sensitive products, like French wine and cheese, were not included. The tariffs could be delayed up to 180 days (i.e. Jan. 6, 2021) – as long as France continues to defer imposition of the tax.

U.S. - Kenya Trade Developments

- No significant updates since the conclusion of the second round of U.S.-Kenya trade talks after the round was suspended amid concerns with possible coronavirus exposure within the Kenyan delegation. No details from the round are presently available.
- Separately, Amb. Lighthizer earlier met with Representatives Dwight Evans and Earl Blumenauer to discuss U.S.-Africa trade issues, including the Kenya trade negotiations. Lighthizer noted the importance of the present negotiations as a Kenya free trade agreement could serve as the model for expanding U.S. trade on the continent which will account for one-fifth of all consumers by 2030. Rep. Blumenauer commented on expanding trade in Africa stating, "Expanding U.S. trade with Africa is a critical opportunity for global affairs, for the economy, for national security, and for relationship building." He added, "Ambassador Lighthizer has been clear about the needs and opportunities in this area, and today's conversation organized by Congressman Evans will help us continue to move these important opportunities forward."

Seasonal Produce

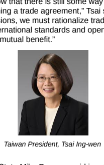
- The U.S. produce industry and other stakeholders eagerly await the details of USTR's action plan, due today (Sept. 1st) to address allegations of unfair imports. During August, USTR, USDA, and the Department of Commerce jointly conducted two virtual hearings to discuss foreign trade practices that may be harming American growers of seasonal and perishable produce. The preponderance of witnesses mostly featured comments from Florida elected officials and growers calling for trade restrictions, in particular section 301 tariff actions. Other witness cautioned against action that would invoke retaliatory tariffs from Mexico, urging a negotiated solution instead.
- A Mexican official commented that the recent seasonality hearings were "interesting" yet established no new or "significant" justification for import restrictions. Speaking to Inside U.S. Trade, the official summarized three key observations of the hearings: Complainants did not file any substantive information; if substantive information existed, complainants would pursue action via trade remedy laws already in place; and, lastly, seasonality has become a political issue rather than a legal issue. "They didn't file or submit any significant information that justified their accusations. They didn't bring to the table new information that backs up any of the accusations that they made. And, as they don't have any evidence and any legal ground on which they can start an investigation, they are trying to use other resources -- political resources," the Mexican official said.
- At the second hearing Georgia lawmakers, growers, and other stakeholders were prominent. Representative Austin Scott (R-GA) said, "one of the biggest issues of American producers currently face is the challenge of combating dumping of foreign subsidized crops in the U.S. markets, below the cost of production." "Stopping unfair trade practices against farmers, specifically producers of seasonal and perishable crops, is vital to U.S. agricultural independence," Scott added.
- The witness list was rounded out by executives of other trade groups (e.g. dairy, farmers, corn refiners, western produce growers) who warned that Mexico is poised to retaliate should the U.S. impose unilateral tariffs inconsistent with its trade obligations. "In particular we urge you to avoid steps that would once again put dairy producers and processors in the crosshairs of a trade dispute with Mexico," said one diary sector witness. Another witness urged the Administration to avoid unilateral action under a section 301 investigation stating the Administration might be "overplaying its hand" with Mexico and causing "great collateral damage."
- The hearings were scheduled by the USTR after attempts by U.S. groups and growers to include seasonal produce protections in the USMCA failed, but Sec. Sonny Perdue says that the administration is looking for a solution. "This has been one of the more frustrating things that we've dealt with at USDA. Obviously, we are an export focused organization and trying to build markets across the country."
- The seasonal produce hearings are part of a 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.

U.S. – India Trade Developments

- Optimism remains high for a limited U.S. – India trade deal this year. As noted earlier, Rep. George Holding co-chair of the Congressional India Caucus, and Rep. Ami Bera (D-CA), caucus member, said talks to date have sufficiently progressed and a limited deal is attainable in the next few months. "There is a sense of optimism that we can get there," Bera said. Sources report that the U.S. and Indian negotiating teams have continued work on the limited deal throughout the coronavirus pandemic. Rep. Bera added, "The fact that the conversation has continued in the midst of the pandemic I think is a good sign." "Instead of thinking big, let's get that first step out of the way and build off of that first step," the Congressman said.
- As reported earlier, India's Commerce Minister Piyush Goyal has expressed optimism that a limited U.S.-India trade deal is in reach after two years of negotiations, saying that the U.S. and India are in the homestretch of negotiations for an initial trade pact. "We are almost there," Minister Goyal said at an event hosted by the U.S.-India Business council last month. Goyal emphasized that the U.S. and Indian leaders should also look at a preferential trade pact with 50 to 100 products and move to a comprehensive free trade pact in the long term.
- Amb. Lighthizer told lawmakers in June that the U.S. is currently in trade negotiations with India. Ambassador Lighthizer previously said negotiations with India are taking longer than he expected. "They are dogged and insistent on keeping their tariffs and we are dogged in insisting that we are going to get a fair deal. So we are working on it very much. And hopefully we'll get a good outcome," Amb. Lighthizer added.

U.S. – Taiwan Trade

- Taiwanese President Tsai Ing-wen announced lifting some restrictions on U.S. beef and pork exports, removing a major trade hurdle to potential bilateral trade talks. President Tsai said Taiwan would ease regulations to allow imports of American pork containing trace amounts of an animal-feed additive used by some U.S. farms, as well as U.S. beef products from cattle age 30 months and older. The announcement follows on the heels of Ms. Tsai's earlier public statement expressing desire to free trade talks with the U.S. "We know that there is still some way to go between now and signing a trade agreement," Tsai said. "But prior to trade discussions, we must rationalize trade regulations to the same international standards and open up to other countries for mutual benefit."



Taiwan President, Tsai Ing-wen

- Secretary of State Mike Pompeo said in a tweet on Friday the U.S. welcomes Taiwan's decision to lift restrictions on imports of American pork and beef. "This move opens the door for even deeper economic and trade cooperation," he said.
- Earlier this summer, The American Chamber of Commerce in Taipei urged the Trump administration to launch talks on a free-trade agreement (FTA) with Taiwan. The group noted that in addition to political pressure from China, another obstacle to an FTA has been U.S. displeasure with Taiwan's restrictions on certain U.S. beef and pork products." The group noted that Taiwan was the U.S. 10th largest trade partner last year. Even with the ractopamine ban in place, the U.S. was the fourth-largest exporter of pork and pork products to Taiwan in 2018, selling a total of $21 million, compared with almost $70 million for Canada.

Senator Cory Gardner

- In July, U.S. Senator Cory Gardner called on the Trump administration to initiate trade negotiations with Taiwan. Senator Gardner, Chairman of the Senate Foreign Relations Subcommittee on Southeast Asia, emphasized in a letter to Amb. Lighthizer the importance of the U.S. – Taiwan trade relationship and noted passage of the Taipei International Protection and Enhancement Initiative (TAIPEI Act or S. 1678) which requests the Administration to "engage in bilateral trade negotiations with Taiwan," to secure a free trade agreement.

WTO

- The WTO largely sided with Canada's challenge to U.S. countervailing duties (CVDs) against softwood lumber imports. The WTO found that the U.S. acted inconsistently with the WTO's agreement subsidies and countervailing measures when relying on benchmark stumpage prices in Nova Scotia to assess "the adequacy of remuneration for Crown stumpage" in Ontario, Quebec and Alberta, and for relying upon a Washington state benchmark to determine that for British Columbia lumber. The WTO panel report (DS533) stems from Canada's challenge of U.S. countervailing duties on Canadian softwood lumber imposed by the Commerce Department in 2017, after both trade partners failed to agree on a renewed softwood lumber agreement that expired in 2015. The panel report panel call on the U.S. to comply with the rules of the WTO's Agreement on Subsidies and Countervailing Measures that it was found to violate and is the latest action regarding softwood lumber spanning three decades of CVDs cases, counter-suits, and appeals between the U.S. and Canada. With the lack of an operating Appellate Body, it remains unclear how the WTO's Dispute Settlement Body compel the U.S. to change policy if the U.S. objects and seeks an appeal. Under WTO rules the DSB cannot "adopt" a panel report if one of the parties seeks an appeal, which in this case would be an indefinite action or previously termed, "appeal into the void."
- USTR blasted the WTO's Canadian softwood lumber decision arguing the DSU panel report was "flawed" and only further exemplifies the U.S. longstanding calls for WTO reform and systemic problems in the DSU apparatus. USTR Amb. Lighthizer called the findings "erroneous" and said they "prevent the United States from taking legitimate action in response to Canada's pervasive subsidies for its softwood lumber industry." "This flawed report confirms what the United States has been saying for years: the WTO dispute settlement system is being used to shield non-market practices and harm US interests," Lighthizer said in a statement.

WTO Leadership

- The "campaign" phase of the DG selection process ends next week, September 7th, entering the third stage or "consultation" stage, which entails narrowing down the pool of candidates to two final names. Ambassador David Walker, WTO General Counsel Chair, announced the process will begin with three candidates being asked to withdraw at the end of the first round, followed by three candidates in the second round. Two finalists will be left for the final third round. Walker noted that, "all delegations are invited to consult with me, as General Council Chair, assisted by the Chairs of the DSB and TPRB as Facilitators for up to 10 minutes each." This will be the first of three rounds, the GC chair explained. Dispute Settlement Body Chair Ambassador Dacio Castillo from Honduras and Trade Policy Review Body Chair Ambassador Harald Aspelund from Iceland will act as facilitators assisting Ambassador Walker during the selection process
- Several sources in Geneva note that the strongest bets for the candidates most likely to move onto the next round include all three women—Ngozi Okonjo-Iweala, Amina Mohamed, and Yoo Myung-hee—along with Mexico's Jesus Seade, while the fifth slot remains a toss-up. According to several sources, the three women running are strong contenders and top-tier candidates, with the two African women widely considered the frontrunners. While the candidate pool includes strong diversity of candidates, the WTO may be poised for its first-ever woman director-general.
- The final list of candidates and their professional backgrounds are provided below.

WTO DG Candidates

Candidate	Country	Experience
Jesús Seade	Mexico	Undersecretary of Foreign Relations for North America, Chief negotiator for the Uruguay Round, Chief Economist at World Bank | Biography
Ngozi Okonjo-Iweala	Nigeria	World Bank executive, Minister of finance, economy, and foreign affairs for Nigeria | Biography
Abdel-Hamid Mamdouh	Egypt	Egyptian Trade negotiator, trade lawyer at King & Spalding (Geneva), Director WTO Trade in Services Division | Biography
Tudor Ulianovschi	Moldova	Former Moldovan Minister of Foreign Affairs and Ambassador to the WTO | Biography
Yoo Myung-hee	South Korea	Trade Minister for the Republic of Korea | Biography
Amina C. Mohamed	Kenya	Former Foreign Affairs and International Trade Minister for Kenya | Biography
Mohammad Maziad Al-Tuwaijri	Kingdom of Saudi Arabia	Minister advising royal court on international and local economic strategic matter, former Minister of Economy and Planning for Saudi Arabia | Biography
Liam Fox	United Kingdom	Former United Kingdom Trade Secretary | Biography

WTO Reform

- As reported earlier, Amb. Lighthizer called for "reset" of the WTO in a *Wall Street Journal* op-ed, "How to Set World Trade Straight," Amb. Lighthizer outlined five principle reform areas:
    - Tariffs - WTO members need to agree on baseline tariff rates that apply to all, with minimal exceptions.
    - Most-favored Nation - WTO members should be required to extend genuine, unconditional most-favored-nation treatment to one another.
    - Special and Differential Treatment - countries with large or advanced economies prohibited from special and differential treatment (e.g. China, India, Brazil, and others).
    - Non-market rules - WTO needs new rules to stop the economic distortions that flow from China's state capitalism.
    - Restructure Dispute Settlement System - The current two-tier system should be replaced with a single-stage process akin to commercial arbitration
- Separately, Amb. Lighthizer blasted the WTO in recent comments saying the organization is "seriously flawed," and that he is "skeptical" about the global trade body. Speaking to the C-PAC, Amb. Lighthizer outlined the three major WTO concerns of the Administration - tariffs levels vary widely between countries, the rules are not applied equally to all members because wealthy developing countries are allowed to take special treatment, and the Appellate Body creates jurisprudence, exceeding its mandate. Amb. Lighthizer more details on the Administration's WTO concerns in an upcoming opinion piece.

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