

TRADE UPDATE Food & Agriculture



Provided by CRA

December 22, 2020

In the spirit of the holidays, the TRADE UPDATE will suspend publication until January 5, 2021. Best Wishes for Peace, Success, and Joy in 2021. Happy Holidays!

HIGHLIGHTS

- **U.S. – China:** House Democrats have issued a letter to CBP concerning the enforcement of prohibitions on palm oil imports made using forced labor.
- **U.S. – U.K.:** Documents related to the latest round of U.S.-U.K. trade talks confirm that some chapters of the deal were close to being agreed by both sides, but significant differences remain in key areas.
- **USMCA:** The U.S. Labor Department’s Bureau of International Labor Affairs awarded a total of \$20 million in grants to help Mexico fulfill its USMCA labor obligations.
- **WTO:** Amb. Lighthizer reaffirmed the Trump Administration’s support of Korean Trade Minister Yoo Myung-hee for the Director-General position, again rejecting Nigerian candidate Ngozi Okonjo-Iweala.

Quote of the week: “[Trade] is not an end in itself. It is a means to create more hope and opportunity for people, and it only succeeds when the humanity and dignity of every American, and all people, lie at the heart of our approach.” (*U.S. Trade Representative-designate Katherine Tai*)

China Trade

- House Democrats have issued a [letter](#) to CBP concerning the enforcement of prohibitions on palm oil imports made using forced labor. Ways & Means Chairman Richard Neal (MA), trade subcommittee Chairman Earl Blumenauer (OR) and oversight subcommittee Chairman Bill Pascrell (NJ) led the letter stating, “issuing a single WRO will clearly not address the ubiquitous forced labor problems in the palm oil sector.” “We are interested in learning more about CBP’s palm oil enforcement strategy, both with regard to the WRO on FGV and more generally across regions,” the lawmakers continued, and requested answers to a series of questions by the CBP by Dec. 29.
- Major corporations such as Apple, Nike and Coca-Cola and groups like the Chamber of Commerce and American Apparel and Footwear Association are calling for changes to the Uighur Forced Labor Protection Act that the House passed in September. This lobbying effort states that while opposing forced labor, there is concern regarding the difficulty of separating goods from Xinjiang that are made with forced labor, and those which are not. Rep. Jim McGovern (D-Mass.), one of the authors of the bill, said the House won’t accept any changes to their broadly supported bill.
- President-elect Joe Biden indicated addressing the China challenge will be a trade priority. In announcing his selection of Katherine Tai as the next U.S. Trade Representative (USTR), Biden said China’s unfair trade practices will be a key priority for his administration and indicated he had chosen Tai for her China experience. “During the Obama-Biden Administration, she was the chief trade enforcer against unfair trade practices by China, which will be a key priority for the Biden-Harris Administration,” he said. “She understands that we need to be more strategic in how we trade – in a way that makes us all stronger and leaves no one behind,” Biden continued. “Trade will be a critical pillar of our ability to build back better and carry out our foreign policy for the middle class,” Biden asserted.

Phase One Agreement

- USTR Lighthizer said an incoming Biden administration should stick with the Phase One agreement,

stating, “I would hold their feet to the fire on Phase 1 as they have done a “reasonably good job” implementing parts of the deal according to *Reuters*. Lighthizer continued “I would use the dispute settlement process to resolve specific issues. I would keep the tariffs in place for sure. I think if you see the tariffs dissipating that’s a signal that we’re not serious about understanding that China is a strategic adversary.”

U.S. - U.K. Trade

- USTR Lighthizer stated several “big, big hurdles” remain in the U.S.-U.K. talks, limiting efforts of a quick-turnaround bilateral deal prior to the expiration of TPA in 2021. Negotiations, “have made some headway, [but] not an enormous amount of headway,” said Lighthizer. While Lighthizer believes that “eventually there will be an agreement” on the areas of alignment including intellectual property protection and services regulation, U.K. agriculture remains an obstacle, which Lighthizer called a “very closed system.”
- *Politico* reports that documents related to the latest round of U.S.-U.K. trade talks confirm that some chapters of the deal were close to being agreed by both sides, but significant differences remain in key areas. Documents from both sides show some sections were close to completion like small and medium-sized businesses, investment and digital services. Contentions remain in pharmaceutical regulation, textiles and other goods standards. One negotiator remarked, “Inches apart can be miles from bringing it home.”
- USTR Lighthizer said the U.S. is considering lifting retaliatory tariffs on Scotch whiskey and cashmere from the U.K. before Jan. 20 according to a report by *Politico*. This move will depend on how both sides handle the Airbus-Boeing dispute and the steel and aluminum tariffs. Lighthizer said, “it would be helpful if we could come to some kind of agreement. We are in discussions; we’ll see how that works out.” Lighthizer is hopeful of sealing a mini-trade deal with the U.K. to reduce tariffs.
- The U.S. and U.K. have signed an agreement on the customs process that will keep trade between the two countries flowing smoothly after Brexit. British Treasury minister Jesse Norman said, “This is an important agreement that ensures continuity post EU exit and demonstrates the strength of the US-UK customs relationship.”
- The scheduling of another formal round of bilateral talks is unlikely until after the January 20th inauguration and the Senate confirmation of a new USTR, which has historically taken several months. Critical to timing of any U.S. – U.K. trade deal in 2021 is the expiration of Trade Promotion Authority (TPA) in June 2021, historically key to timely Congressional consideration of trade agreements. Under TPA or previously known as “fast track” authority, USTR would need to submit the signed U.S.-U.K. trade agreement to Congress by April 2021 to receive consideration under TPA.
- As reported earlier, the U.K. announced it will suspend retaliatory tariffs against the U.S. as part of the WTO ruling on Boeing’s illegal subsidies to demonstrate its “serious” about a negotiated settlement, and desire to “de-escalate” trade conflicts. However, the U.K. will retain existing retaliatory tariffs imposed in response to the Trump administration’s Section 232 tariffs on steel and aluminum. In a statement last week, the U.K.’s Department of International Trade (DIT) said, “The UK is today announcing an independent approach to the longstanding trade conflicts between the EU and U.S. around steel and aluminum and aerospace tariffs.” Specific to the civil aircraft dispute, the statement noted “the UK government is suspending retaliatory tariffs resulting from the Boeing dispute in an effort to bring the U.S. towards a reasonable settlement and show that the UK is serious about reaching a negotiated outcome. The government reserves the right to impose tariffs at any point if satisfactory progress towards an agreeable settlement is not made.”
- U.K. International Trade Secretary Liz Truss emphasized that the UK is rolling over tariffs “To defend the UK steel industry, in response to the unjustified ‘Section 232’ tariffs imposed by the U.S. on aluminium and steel imports.” The announcement further stated, “These tariffs will continue from January 1st when the UK becomes an independent trading nation once again.” “The ongoing [U.S.] tariffs are unjustified under WTO rules and unfairly target UK steel and aluminium manufacturers and should be removed.” “Any claim that UK steel and aluminium imports harm U.S. national security is false and without

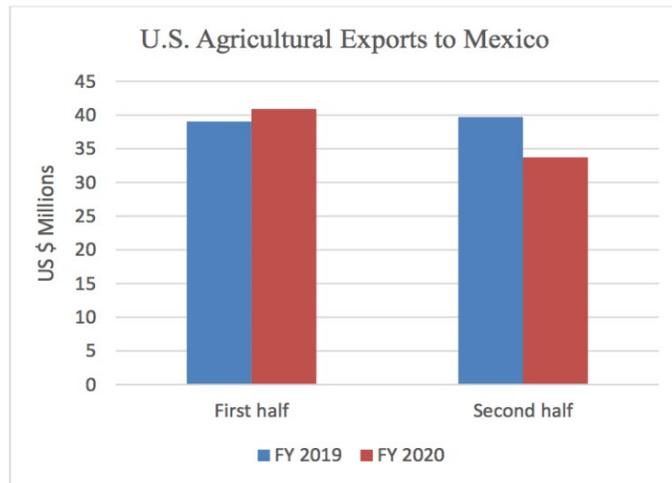


Jesse Norman, British Treasury minister

foundation.”

COVID-19 Developments

- A recent [report](#) by USDA, details the effects of COVID-19 on agricultural trade with Mexico. In fiscal year 2020 (October 2019-September 2020), total U.S. agricultural exports to Mexico declined by five percent to \$18.1 billion from the previous fiscal year. Mexico remains among the top importer of U.S. agricultural products by value, but COVID-19 certainly impacted the supply chain of U.S.-Mexico trade. “Reductions in FY 2020 exports of U.S. agricultural products were most observed in animal proteins— especially beef- in response to lower consumer purchasing power and the preference for lower priced proteins, and HRI closures. This corresponded directly to a decrease in corn sales from the United States, as less animal feed was needed. The same depressed purchasing power effects were observed in reduced U.S. exports of fruits, as demand fell for higher priced imported fruits such as apples, pears, and grapes,” the report states.



USMCA

- The U.S. Labor Department’s Bureau of International Labor Affairs awarded a total of \$20 million in grants to help Mexico fulfill its USMCA labor obligations. The Solidarity Center and Partners of the Americas were the two organizations that were each awarded \$10 million in grants. According to an [announcement](#) by the Department of Labor, these grants “will focus on improving the knowledge of workers and employers about Mexico’s 2017 constitutional reform on labor justice and 2019 labor law reform.” The grant for the Partners of the Americas is designed to “build the capacity of federal and state-level Secretariats of Labor and Social Affairs staff and constituents from key institutions to conduct outreach regarding labor rights and implementation of the labor reforms among target audiences.” With these two grants, ILAB’s total funding reaches approximately \$50 million in 2020 to support Mexico in its efforts to implement USMCA labor obligations.
- The Independent Mexico Labor Expert Board says Mexico’s labor obligations under the USMCA remain unimplemented in its first [report](#) to Congress. The board was established within the USMCA Implementation Act to monitor and assess Mexico’s labor reform efforts. The report says that while Mexico “has made significant progress”, “it must be acknowledged that many of the changes promised to improve the lives of workers, in terms of union democracy, freedom of association and collective bargaining, remain to be implemented.” It continued, “Most unionized workers are not yet able to democratically elect their leaders or ratify their collective bargaining agreements. The system of protection contracts, sustained by employer payments to union leaders, remains intact at this time. Covid-19 has caused thousands of deaths and millions of job losses. Workers who attempt to challenge these conditions by demanding union democracy, higher wages, or even protective equipment have been fired, jailed and -- in too many cases -- murdered.”

- Mexican Ambassador to the U.S. Martha Bárcena, announced her retirement in the coming months after serving for 43 years in the Mexican foreign service. Bárcena is the first woman to serve as Mexico’s ambassador to the U.S. and aided in the USMCA negotiations when she took office in December 2018. Regarding trade goals for the U.S. and Mexico in the coming year, Bárcena said the two nations must focus on working with the private sector “to take advantage of having the certainty of USMCA” and aligning the two countries’ “essential sectors.”



Martha Bárcena, Mexican Ambassador to the U.S.

- Referencing the incoming Biden Administration, Canada's ambassador to the U.S. Kirsten Hillman said, “We are aligned in a very significant way, from a policy perspective, with the incoming administration.” “Even on things that are maybe seen as a little bit more domestic, like anti-Black racism or other domestic policies, we are certainly keen on supporting each other,” Hillman continued. Areas of alignment include equitable COVID-19 vaccine distribution worldwide, Buy American policies, and hopes that Canada can help the U.S. reclaim its position as a global climate leader.
- Recently, USTR filed the first-ever USMAC enforcement action against Canada for failing to implement dairy tariff-rate quotas (TRQs) and other market-opening provisions that Canada established for its dairy industry that took effect on July 1. USTR says the provisions unfairly shield Canadian firms in violation of the USMCA, which was supposed to open the protected market to American producers. “By setting aside and reserving a percentage of each dairy TRQ exclusively for processors, Canada has undermined the ability of American dairy farmers to utilize the agreed-upon TRQs and sell a wide range of dairy products to Canadian consumers,” the USTR press release stated.
- USTR’s [press release](#) stated that it had “provided official notice to Canada that it was exercising its rights to enforce the USMCA” in a letter to Canada’s Minister of Small Business, Export Promotion and International Trade Mary Ng. The two countries will now begin consultations under dispute rules laid out in the USMCA, the first step before a possible official dispute panel. Canada has 15 days to respond to the request. If consultations cannot resolve the issue, USTR “may request the establishment of a USMCA dispute settlement panel to examine the matter.”
- Several dairy groups lauded USTR’s action, but cautioned more work remains to address Canada's "Class 7" pricing program for milk protein concentrates, which Canada agreed to eliminate as part of USMCA. Tom Vilsack, President and CEO of U.S. Dairy Export Council said, “I applaud USTR for hearing our concerns and relying on our guidance to take this critical enforcement step to ensure that the agreement is executed in both letter and spirit.” He continued, “This is the critical first step, but more work may be needed to ensure Canada complies with its Class 7 related USMCA commitments as well.”

U.S. – India Trade

- After several months of silence, Amb. Lighthizer said the U.S. and India are not “far away” from concluding a limited market-access deal that will like carry into the next administration. Speaking at a [webinar](#) conducted by the Confederation of Indian Industry, Lighthizer said “We need a large, free trade-like agreement between the United States and India and that will cement this relationship in a way that other things won’t and that will be good for the economics as well as the security, I think, of both countries and help us ... write the rules for trade going forward.”
- Lighthizer acknowledge that both countries have been working on a trade deal since 2019, following U.S. revocation of GSP for India and conceded finalizing a trade by next month is unlikely. “We had talked about doing a smallish GSP deal but both of us really think that what’s ultimately needed is a big deal,” Lighthizer said, and emphasized “A deal with the U.S. can happen only if India reduces tariffs substantially in a variety of areas.”
- Earlier in the year, India’s Commerce Minister Piyush Goyal said, “India is open to signing on what we have agreed on.” “I’ve left it to [Lighthizer] to make the final call,” he added. Goyal had previously noted that after two years of negotiations a deal is in reach. “We are almost there,” Minister Goyal said at an event hosted by the U.S.-India Business council in July. 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.

U.S.-Taiwan

- Taiwan's foreign ministry says it will submit an application to join the revamped Trans-Pacific Partnership (TPP) along with 10 other members. The original TPP was thrown into limbo after President Trump withdrew the U.S. from the agreement. "Once the informal consultation with all member states is completed, we will formally submit an application for membership in accordance with the procedures," a statement from the Taiwanese ministry said.
- Further deepening of the U.S. – Taiwan trade relationship remains uncertain despite calls by leadership and groups in both nations. The U.S.-China Commission recently advocated for deeper economic relations with Taiwan to guard against Chinese aggression. The Commission stated in its recently published [report](#) that Beijing's implementation of Hong Kong's national security law as well as its "intensifying military operations around Taiwan" suggest China has little concern for the international consequences. The report adds, "As Taipei moves to address these and other concerns of U.S. stakeholders, the United States is presented with opportunities to develop new export markets and forge a tighter trade relationship with one of the Indo-Pacific region's most dynamic economies."
- Separately, Taiwan's Deputy Economic Minister Chern-Chyi Chen said he expects U.S. and Taiwan to continue to strengthen trade relations under a Biden Administration according to a report by *Inside U.S. Trade*. "Trade relations are inevitable," Chen said. "We think that at the end of the day the Biden administration will pursue some trade relations via whatever form but there will be the need to intensify U.S. trade relations toward the world."



*Chern-Chyi Chen, Taiwan's
Economic Minister*

U.S. - Vietnam

- In a recent [report](#), the U.S. Treasury Department has named Vietnam a currency manipulator along with Switzerland. USTR will hold a hearing on the Section 301 currency probe in late December. Treasury said in the report that the U.S.' goods trade deficit with Vietnam "reflects a large expansion of Vietnam's export capacity in apparel and technology, and its growing global supply chain integration," as well as tariff and non-tariff barriers which hinder U.S. automotive and agricultural exports. According to *Inside U.S. Trade*, the trade deficit increased 25%, reaching \$58 billion from July 2019 to June 2020.
- Reports suggest USTR could make an affirmative determination in the Section 301 investigation of Vietnam's currency practices and potentially impose tariffs on Vietnamese imports before the Trump Administration leaves office on January 20, 2021. Such action could lead Vietnam to impose reciprocal tariffs on U.S. imports, including agricultural products, similar to retaliatory actions undertaken by other trade partners responding to U.S. Section 301 and 232 tariffs. Some U.S. officials reportedly are concerned that such tariffs would damage relations with a country that has supported the Administration's efforts to confront China's aggressions in the region.
- Several large industry groups are calling on USTR to decelerate the rapidly moving section 301 currency investigation regarding Vietnam. In a letter to Amb. Lighthizer, the groups said designation of Vietnam as a currency manipulator by the Department of Treasury "could have substantial impact on the ongoing investigation," and complained that the currency report was released after the comment period closed and the deadline to request to testify at the hearing had passed. "Interested parties should be given an opportunity to comment on this report ... prior to the conclusion of the investigation on this matter. Our view is that the law provides that interested parties that are engaged in administrative proceedings are entitled to a meaningful opportunity to be heard both under the Administrative Procedures Act ("APA") and the Constitution." The letter continued, "We therefore respectfully request an opportunity to comment on the highly relevant information contained in Treasury's report."
- As next steps, USTR's public [hearing](#) is scheduled for December 29th. Under the 301 statute, the hearing can be held after the issuance of the report if the Administration determines that "expeditious action is required" so release of the investigative report may not necessarily occur after the hearing. [Section 301](#)

authorizes USTR to determine whether a foreign practice is actionable under the statute and if so what action to take. USTR's public comment period ends Jan. 7, leaving President Trump roughly two weeks to act on any Vietnam tariff recommendations before he leaves office on Jan. 20. Any collections of newly imposed duties would commence in the first few weeks of a Biden administration.

Section 232 Investigations

- As reported earlier, the Section 232 working group regarding titanium sponge imports is seeking public comments on ways the U.S. could help ensure access to titanium sponge, a key input for some weapon systems, according to the Commerce Department's Bureau of Industry and Security (BIS). In a [Federal Register notice](#). The working group stems from the Trump Administration's decision to further explore policy options, other than imposing trade restrictions under Section 232 of the Trade Expansion Act of 1962, based on the Commerce Department's findings that titanium sponge imports threatened to impair national security. The deadline for interested parties to submit comments is January 11, 2021.
- The Commerce Department terminated the investigation into the national security implications of mobile crane imports at the petitioner's request. Wisconsin-based crane producer, The Manitowoc Company, Inc., in a Sept. 8 termination request firm cited "a changing economic environment due to the effects of the COVID-19 pandemic" in asking for termination of the investigation.
- The remaining two section 232 investigations involve transformer parts and vanadium. USTR has already indicated in the transformer parts case that Mexico will avoid any Section 232 tariffs. Amb. Lighthizer reported that Mexico agreed to create a "strict monitoring regime" for those exports composed of GOES to avoid Section 232 tariffs. In a [statement](#), USTR reported that the U.S. and Mexico concluded consultations via a mechanism established in a May 2019 agreement to "address the transshipment" of GOES "from outside the North American region into the United States through GOES-containing downstream products." Under the agreement, Mexico will promptly create a monitoring regime and starting in fourth quarter, that regime will "closely monitor shipments of these products to the United States," according to the statement.
- Under Section 232, the President must render a decision no later than 90 days after receiving the Commerce report to impose Commerce's recommendation on trade restrictions or craft a different set of tariff or trade restrictions. Then the President has 15 days to implement any trade actions and 30 days to submit a report to Congress explaining the President's action or inaction.

U.S. - Ecuador

- No significant updates since the U.S. and Ecuador signed a mini-trade deal last week. USTR Robert Lighthizer said at a signing ceremony in Quito attended by Ecuadorian President Lenín Moreno, "Ecuador has demonstrated that it plays an important role in the region in promoting democracy, good governance and market-based economic growth." Similar to the mini deal with Brazil, the deal with Ecuador contains three chapters on trade facilitation, good regulatory practices and anti-corruption and a fourth chapter on small- and medium-size enterprises, which comprises a large portion of Ecuador's business community. "Today we have a new Ecuador," Ecuador President Moreno said. Ecuadorean officials praised the deal as a milestone in U.S.-Ecuador economic relations after years of inactivity.
- The Ecuadoran Ambassador to the U.S. expressed optimism under a Biden administration to build on the recent limited trade deal, officially termed the [Protocol on Trade Rules and Transparency](#). Ambassador Ivone Baki, referring to Ecuador's 2016 trade deal with the European Union and 2019 trade deal with the United Kingdom said, "We are more competitive now so it's not going to be that difficult." She further highlighted that President-elect Biden was the ranking member on the Senate Foreign Relations Committee and "was a very good friend of Ecuador's during prior bilateral trade talks during the Bush administration." "Maybe it will be better with them than with President Trump," she added.
- Ecuador is currently United States' 41st largest goods trading partner with \$12.5 billion in total (two way) goods trade during 2019. Goods exports totaled \$5.5 billion; goods imports totaled \$7.0 billion. The U.S. goods trade deficit with Ecuador was \$1.4 billion in 2019 according to [USTR](#).

U.S. – EU Trade

- Chair of the House Ways and Means Committee Richard Neal urged President-elect Joe Biden to pursue a trade deal with the EU saying, "Our partners across the Atlantic have shown a willingness to embark on a new, substantial trade relationship with the United States, and we should embrace this opportunity. A new U.S.-European trade arrangement will only enhance our ability to moderate China's intensifying pursuit of growth and prosperity, which threatens to subject the rest of the world to its economic and political dominance." This statement further emphasizes the likelihood of restoring trade relations with the EU under a Biden Administration.
- The EU continues to indicate hope for a renewed relationship with the U.S. under President-elect Biden. The EU wants to work with the U.S. on trade and a new pattern on the global economy to put pressure on China. Director general for trade at the European Commission Sabine Weyand said, "No nostalgia, no harking back to times gone by, but really working together to change the world we live in today." Earlier the EU outlined a new trans-Atlantic [agenda](#) that prioritizes joint action on the pandemic, economic recovery, climate change and setting of global standards. The EU also recommends an EU-U.S. Summit in the first half of 2021. EU President Ursula von der Leyen said, "When the transatlantic partnership is strong, the EU and the U.S. are both stronger. It is time to reconnect with a new agenda for transatlantic and global cooperation for the world of today."

Civil Aircraft Disputes

- Amb. Lighthizer said the U.S. and EU were "not making much headway" in negotiations to resolve the civil aircraft dispute "because, in the final analysis, Europe likes to subsidize airplanes," thwarting any hopes for a resolution for the dispute during a Trump administration.
- Amb Lighthizer said he had made multiple proposals to settle the matter prior to Jan 20th but is concerned that WTO rules do not prevent future subsidies by the EU or China. In an interview with *Reuters*, Lighthizer stated, "In every proposal I've made, I've said we have to have a clause that says, that whatever we agree to, if China starts to do massive subsidies in this area and it's hurtful, we have to be able to work together to solve that problem."
- Germany's ambassador to the U.S. Emily Haber urged a rapid resolution of the civil aircraft dispute. Harber said, "It is one of the issues that needs to be solved very early on", emphasizing the need to "get the priorities right, especially at a time when aircraft industries are really suffering from the consequences of the pandemic."
- As reported above, the U.K. will not roll forward tariffs after December 31st when it finalizes the U.K.'s divorce from the EU, as reported above. Preceding the formal announcement, a U.K. trade department spokesperson said, "We want to de-escalate this issue with the U.S. and get these tariffs removed so we can move our trading relationship forward. These tariffs are in nobody's interests and damage industry and livelihoods on both sides of the Atlantic."
- On November 4th the EU imposed tariffs of 15% on U.S. aircraft and 25% on agricultural goods, totaling \$4 billion under the WTO ruling on U.S. subsidies for Boeing civil aircraft. USTR Robert Lighthizer argued that the EU tariffs were no longer valid as regulations in Washington State regarding Boeing business activities now comport with the WTO rulings. In October the WTO granted the EU the green light to move forward with \$4 billion in retaliatory tariffs against U.S. products under the civil aircraft dispute regarding Boeing. The U.S. countered immediately stating the EU has no legal basis to impose aircraft tariffs in conjunction with recent WTO's arbitrator's announced award level of \$4 billion on U.S. products.



Emily Haber, German ambassador to the U.S

U.S.-Brazil

- Without a deal, U.S. ethanol and corn industry officials face Brazil's imposition of 20% tariffs on all ethanol imports. The Renewable Fuels Association, the U.S. Grains Council, Growth Energy and the National Corn Growers Association said in a [joint statement](#), "Brazil's decision to impose a 20 percent

tariff on all U.S. ethanol imports is devastating for the U.S. ethanol industry, the future of cooperation and coordination between our nations.” “Not only does this decision risk destroying the great progress our two nations have made as global leaders in ethanol production, it marks a dramatic turn in our bilateral trade relationship,” the statement continued.

U.S. – Kenya Trade Negotiations

- No significant updates since the recent conclusion of the second round of U.S.-Kenya trade negotiations. According to the American Chamber of Commerce in Kenya, Nairobi prepared [text](#) for several chapters for the round on legal and transparency issues; market access for goods; sanitary and phytosanitary measures; textiles and apparel; customs and trade facilitation; technical barriers to trade; services and investment; digital trade; intellectual property; small and medium-sized enterprises; government procurement; state-owned enterprises; and labor and environment. USTR aims to negotiate a comprehensive deal with Kenya prior to TPA’s expiration.

Transition 2020

- USTR-designate Katherine Tai said in an event to unveil her nomination that trade is “like any other tool in our domestic and foreign policy” and that she aims to make “trade a force for good in our world.” “[Trade] is not an end in itself. It is a means to create more hope and opportunity for people, and it only succeeds when the humanity and dignity of every American, and all people, lie at the heart of our approach,” she continued.
- Katherine Tai continues to move forward in the nomination process to become the next USTR under a Biden administration. Tai met with Senator Mazie Hirono (D-HI), to discuss “the need to make sure U.S. trade policies work for everyone – specifically workers and consumers.” A statement read, “They discussed the need to make sure trade deals consider important questions like worker protections, environmental protections, and whether Hawaii small businesses and farmers are supported by these deals.” Once Tai is officially nominated, she will be vetted by Senate Finance Committee. The chair of this committee will be determined after the Georgia runoff election. If she is approved by the Committee panel, her nomination will then need approval by the full Senate.
- As noted earlier, President-elect Joe Biden has selected Tom Vilsack as Agriculture secretary. Biden described Vilsack as “an outstanding two-term governor of Iowa, and the best secretary of Agriculture I believe our country has ever had.” Biden noted that Vilsack, “wasn’t anxious to come back, wasn’t looking for this job, but I was persistent.” “Tom knows the full range of resources available in this department to get immediate relief to those most in need and address the crises facing rural America,” Biden said, noting that one in six Americans and one quarter of children are facing hunger, and that there are multiple crises facing rural America.
- Vilsack, President and CEO of the U.S. Dairy Export Council, previously served as Agriculture secretary for eight years under the Obama administration, and was a noted key rural and agriculture policy adviser during Biden’s presidential campaign. Mr. Vilsack’s resume also includes several elected roles as a former two-term governor of Iowa, Iowa State Senator and Mt. Pleasant, Iowa Mayor. Iowa Senator Chuck Grassley articulated his support for Mr. Vilsack as the next USDA Secretary. “Two reasons—one, he understands the role of the family farmer and the importance of that institution in the production of food.” “And he’s very aware of the importance of biofuels to the health of agriculture,” Grassley told reporters.

Section 201 Investigations

Seasonal Produce

- No significant updates since the U.S. International Trade Commission (USITC) [officially](#) launched the fact-finding investigation into strawberry and bell pepper imports. USTR requested the USITC investigate strawberries and bell peppers under Section 332. The Commission is accepting written submissions for

the probe until Jan. 15, 2021. The Commission invites interested parties to address information about the condition of the domestic industry, including production, employment, profits and losses, and other factors set out in section 202(c) of the Trade Act. To the extent practical, data and information should include the period 2016-2020 and any subsequent period, according to the agency.

- Separately, USTR has issued a [letter](#) to the USITC Chairman Jason Kearns requesting the agency investigate imports of cucumbers and squash and the effect on the domestic seasonal markets. The section 332 investigation (i.e. monitoring investigation) will exam the monthly price trends, including an analysis and comparison of the prices of domestically produced products and imported products.
- The USTR letter responds to a request from Georgia Republican Senators Kelly Loeffler and David Perdue to start an import monitoring action on cucumbers and squash imports from Mexico under Section 332 of the of the Tariff Act of 1930. In a letter the Senators noted that, “cucumbers’ import value is currently \$894 million, which is a 10% increase from September 2019 and August 2020. Squash’s import value is currently \$473 million representing a 27% increase during that same time period.” Both Loeffler and Perdue are facing run-off elections in January.
- The requested four “monitoring” investigations on imports of strawberries, bell peppers, cucumbers and squash align with USTR’s [Seasonal Produce Plan](#) which outlined the monitoring investigation stating, “USTR will work with domestic producers to commence an investigation by the International Trade Commission to monitor and investigate imports of strawberries and bell peppers, which could enable an expedited Section 201 global safeguard investigation later this year.” According to observers, the information obtained in the monitoring investigations may form the basis for launching section 201 global safeguard investigations in the near future.
- The Section 201 blueberry investigation by the USITC is underway and key milestone dates include the deadline for an injury decision on Feb. 11, 2021 and USITC injury report due to the President by March 29, 2021. Key dates in the Section 201 investigative process are noted in a [USITC fact sheet](#):
 - **January 12, 2021:** Hearing on injury
 - **February 11, 2021:** Vote on injury (Statute requires vote by 180 days (Feb. 26, 2020), but USITC invoked 15-day extension under “extraordinarily complicated” provision).
 - **February 25, 2021:** Hearing on remedy (if affirmative injury vote)
 - **March 19, 2021:** Vote on remedy recommendation (if affirmative injury vote)
 - **March 29, 2021:** USITC report and recommendation to the President (if affirmative injury vote).
 - **May 28, 2021:** Presidential announcement on action – (e.g. adopt USITC remedy recommendation, develop different remedy, decline to take any remedy action).

WTO

- The WTO ministerial postponed to June 2021 appears likely to slip to December 2021 as members countries contemplate the ongoing challenges in arresting the spreading COVID-19 and delayed selection of a new director-general. The WTO’s 12th ministerial conference was originally scheduled for June 2020 in Nur-Sultan, Kazakhstan. WTO spokesman Keith Rockwell said there was a “growing consensus” that June of 2021 was increasingly unrealistic. Rockwell noted that most countries, including the U.S., were strongly supporting a further delay, recognizing the reality that distribution of COVID-19 vaccine, particularly for developing countries, could extend into June or beyond and most members prefer to avoid a virtual conference. Dennis Shea, the U.S. WTO Ambassador commented that, “As we reflect on the current state of the global pandemic and on possible scenarios for 2021, it would appear to us that June 2021 is no longer a realistic target. The organization would be better served by making the decision soon to begin planning for a date later in the year, most likely returning to the normal timeframe of December.”

WTO Leadership

- Amb. Lighthizer reaffirmed the Trump Administration’s support of Korean Trade Minister Yoo Myung-hee for the Director-General position, again rejecting Nigerian candidate Ngozi Okonjo-Iweala who has widespread support from other WTO member countries. In [BBC interview](#) last week, Lighthizer said, “The

United States' view is that we need someone with real experience in trade, not someone from the World Bank or a development person. We need a real trade expert," signaling a hardening U.S. stance further delaying the WTO consensus on a new leader.

- The WTO Director-General selection remains on hold until early in the new year with local COVID restrictions in Geneva and an impasse over a consensus candidate. The WTO General Council chair, David Walker earlier postponed a meeting to discuss the DG selection. Ambassador David Walker cited "the health situation and current events" in [announcing](#) he was postponing the meeting "until further notice." "It has come to my attention that for reasons including the health situation and current events, delegations will not be in a position to take a formal decision on 9 November," Walker said in his communication to members.

WTO Reform

- The WTO acknowledged its failure to reach a resolution to curb fisheries subsidies by the end of 2020 but has set dates for further talks in 2021. Colombia's ambassador to the WTO, Santiago Wills said "It is now clear that we simply cannot make up the time we've lost to the Covid-19 pandemic and bring the negotiations to a successful outcome this year. However, the truth is we did make lot of progress this year." The failure is a significant setback to the depleting fish stocks around the globe, which environmentalists say could be replenished by a deal, and to the WTO, which faces questions about its ability to produce multilateral agreements.
- The global pandemic and dissolution of the Appellate Body likely lead to a record low of five WTO dispute settlement cases in 2020, according to recent reports. Historically, the WTO has averaged just over 20 disputes per (1995-2019), with the highest volumes occurring in the WTO's early years. The previous lowest case count came in 2011 with eight disputes. The U.S. is involved in just one of the five cases in 2020 – a challenge from Hong Kong on a U.S. rule to designate the former's goods as "made in China."
- While the EU, China and several other WTO members have agreed to an alternate appeals system in the interim until the AB impasse is resolved, the U.S. has refused to join and criticized the action. Shortly after its creation, the U.S. expressed opposition for WTO funding to support the 20-member interim appellate body arrangement known as the led Multi-Party Interim Appeal Arbitration Arrangement (MPIA). The [EU-led MPIA](#) was created by some WTO members to fill the void of the defunct Appellate Body. Amb. Lighthizer dismissed the alternate appeals system as "an appellate body after you have a couple of cocktails".



*Santiago Wills, Colombia's
WTO Ambassador*