

TRADE UPDATE Food & Agriculture



Provided by CRA

January 5, 2021

HIGHLIGHTS

- **U.S. – China:** China’s finance ministry announced it is extending tariff exemptions on imports of 6 U.S. products including white oil, paraffin and polyethylene, and food-grade wax.
- **U.S. – U.K.:** While analysts remain doubtful of a U.S.-U.K. trade deal by 2021, U.K. officials are optimistic. To achieve a deal in 2021, the U.K. is willing to address labor and climate-related issues in talks with the Biden administration according to the U.K.’s Ambassador to the United States.
- **US-EU:** USTR has announced it will impose tariffs on additional European goods, namely distilled spirits and aircraft parts, responding forcefully to what USTR said were unfair calculations in the EU’s tariffs against the U.S. for subsidies for Boeing.
- **WTO:** The U.S. proposed that the WTO should treat a country’s failure to uphold basic environmental standards as a subsidy and allow other members to impose countervailing duties to offset the benefit received.

Quote: “This is a real sledgehammer blow in a fight which has nothing to do with us.” (*Cesar Giron, president of the Federation of Wine and Spirits Exporters (FEVS) on the imposition of additional tariffs on French wine by USTR*)

China Trade

- China’s finance ministry announced it is extending tariff exemptions on imports of 6 U.S. products including white oil, paraffin and polyethylene, and food-grade wax. The exemptions will last through Dec. 25, 2021. The exemption follows the USTR announcement that it plans to extend certain product exclusions on Section 301 duties for certain medical-care products from China.
- The Export-Import (EXIM) Bank of the U.S. announced it will lower the domestic content threshold required for projects it backs from 85% to 51% for 10 sectors that are considered critical to boosting U.S. competitiveness, particularly versus China. *Reuters* reports the 10 sectors include artificial intelligence, biotechnology, biomedical sciences, wireless communication technology, including 5G, quantum computing, renewable energy, energy efficiency and storage, semiconductors, machine manufacturing, financial technology, water treatment and sanitation, and high-performance computing. EXIM hopes that by lowering the requirement, countries will be incentivized to shift away from Russian and Chinese partners and choose a U.S. supplier instead.

Phase One Agreement

- USTR Robert 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.”
- The Peterson Institute of International Economics’ (PIIE) [phase one agreement tracker](#) indicates China had purchased just 51 percent of the total it committed to for all of 2020 across agriculture, manufactured goods and energy. Agriculture was the closest sector to meeting purchase requirements as China purchased 67 percent of its promised 2020 purchases.

US-China phase one tracker: China's purchases of US goods

US exports in 2020 of all goods covered by the phase one deal as of November 2020

a. US exports of all covered goods in 2020, as of November, billions USD



b. US exports by product type, billions USD



U.S. - U.K. Trade

- Remaining optimistic of a U.S.-U.K. trade deal in 2021, U.K. ambassador to the U.S., Karen Pierce said “I don’t want to be presumptuous about the Biden administration’s policies and priorities, but we believe this deal can be done, it can be done in 2021,”, adding that the UK did not want to set a “hard deadline” for an agreement. To achieve a deal in 2021, the U.K. is willing to address labor and climate-related issues in talks with the Biden administration according to Pierce. “It wouldn’t take too much bandwidth to get it through Congress, and we’d be delighted to work with the Biden administration if there were particular angles – some people have mentioned labor, some people have mentioned climate – that they would like to see included.” Ambassador Pierce confirmed that UK official have not spoken directly to Biden transition officials, however, they have “talked to a lot of people around the Biden team, and we talk a lot to people on the Hill, of both parties,” continuing to hear solid support from Congress as well as with governors for the bilateral trade deal. Key issues for the U.K. include digital trade issues and provisions addressing small and medium-sized businesses.
- Others remain more doubtful of a U.S.-U.K. trade deal by the end of 2021 as Biden prioritizes domestic issues in his first 100 days. Lewis Lukens, who served as U.S. deputy ambassador to the U.K. under Presidents Trump and Obama, said, “I’d say the best case scenario for a deal is 2022.” Tom Tugendhat, chair of the U.K. Parliament’s foreign affairs committee told *POLITICO* he thinks the U.K. should instead



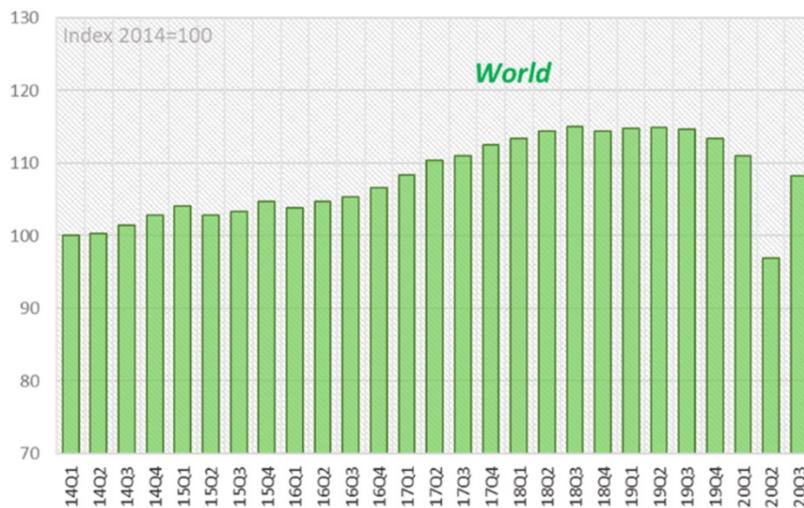
Karen Pierce, U.K. Ambassador to the U.S.

focus on getting the U.K. and U.S. to join the Trans-Pacific Partnership to counter China’s growing economic leverage.

- 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.
- Regarding the U.S. – EU civil aircraft dispute, the U.K. said its decision to suspend retaliatory tariffs against the U.S. has already paid off after it was spared in a new round of U.S. tariff increases on EU products. According to reporting by Reuters, an U.K. official said, “The UK wasn’t hit because we suspended tariffs and brought the U.S. to the negotiating table. (This) shows we are making the right strategic decisions.”

COVID-19 Developments

- The WTO reported a rebound in global merchandise trade volumes in the third quarter of 2020 following the deep second quarter slump brought on by the COVID-19 crisis. In a release, the WTO stated, “In the third quarter, the volume of merchandise trade rose 11.6% compared with the previous quarter after falling 12.7% in the second quarter (revised up from an initially estimated decline of 14.3%). Despite the rebound, the volume of trade between July and September was still 5.6% lower than in the same period last year.”



USMCA

- USMCA garnered strong support from House Democrats largely because of strong labor provisions and enforcement mechanisms negotiated in the agreement according to most observers. However, no labor disputes have yet been initiated against Mexico. Matthew Levin, the director of the Labor Department’s Office of Trade and Labor Affairs, said that his agency is “constantly getting scrutiny from our Congress and our stakeholders about what we’re doing and why we’re not enforcing more.” Levin, called Mexico’s commitments in USMCA “historic,” and said, “there are going to be a lot of steps backward but there seems a real interest, a real effort, a sincere effort, to make these changes permanent and legitimate, and I have a lot of confidence that that is going to be where we’re headed in the years going forward.” The AFL-CIO had said it would file a labor dispute against Mexico by the end of October 2020 but has yet done so.
- Two Mexican environmental organizations recently invoked USMCA for the protection of endangered sea turtles after what it called a failure by the Mexican government to prevent their deaths. The Center for

Biological Diversity and the Mexican Center for Environmental Law (CEMDA) said Pacific loggerhead sea turtles often die after they become entangled in fishing nets as they migrate to the warmer Mexican coast. The groups stated that at least 889 loggerhead turtles were found dead on the beaches of Baja California Sur between 2017 and 2019. "Under the USMCA agreement, Mexican officials have a legal obligation to stop this carnage," said scientist Alejandro Olivera of the Center for Biological Diversity.

- As reported earlier, 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."
- 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."

U.S. – India Trade

- No updates over the past two weeks on a U.S.-India limited trade deal. 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.

- 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.”

U.S. - Vietnam

- At the public hearing on USTR’s section 301 investigation, several industry witnesses urged USTR to leave currency manipulations matters to the Treasury Department and not enter into a punitive tariff exchange with Vietnam. Representatives from the U.S. Chamber of Commerce, the National Foreign Trade Council, the National Retail Federation, National Pork Producers Council, and other groups commented that USTR should avoid imposing tariffs on Vietnam that would likely trigger damaging retaliatory tariffs actions, citing experience losing market share due to current tariff disputes with China and the EU. Many of the witnesses echoed a common theme, that the investigation should run its traditional course through the Treasury Department, rather than USTR, who many observers fear aims to levy new tariffs before President Trump leaves the Presidency.
- 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 later this week or 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. [Section 301](#) authorizes USTR to determine whether a foreign practice is actionable under the statute and if so what action to take.
- The Vietnamese government is attempting to avert potential U.S. tariffs by issuing a background paper over the weekend and aiming to orchestrate high-level calls with Secretary of State Pompeo and USTR Robert Lighthizer, according to press reports. The background paper said Vietnam hopes USTR's concerns can be resolved through consultations, rather than tariffs and did not explicitly address potential retaliatory tariffs by Vietnam. “Vietnam is willing to negotiate with the USTR to upgrade the current bilateral trade action plan towards a more balanced, sustainable and mutually beneficial trade relations,” the paper said. The paper further noted that, “the government and relevant agencies of Vietnam are taking very strong and decisive measures to purchase more U.S. products and services, including airplanes, LNG [and] agricultural products.” After USTR announced the section 301 investigations on currency manipulation and illegal lumber trading, Vietnam’s Prime Minister Nguyen Xuan Phuc sent two letters to Trump urging a non-tariff resolution to the investigations. The recent background paper confirmed that U.S. and senior Vietnamese officials previously had “a very positive and fruitful call” on resolving the issue.
- Earlier in the month, the U.S. Treasury Department named Vietnam a currency manipulator along with Switzerland. 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 hindering U.S. automotive and agricultural exports.
- As next steps, USTR’s will accept public comment through 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.



*Nguyen Xuan Phuc,
Prime Minister of
Vietnam*

Section 232 Investigations

- As reported earlier, 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. – EU Trade

- In a presidential proclamation, President Trump gave the green light for a lobster deal between the EU and the U.S. In the deal, the EU will lift tariffs on lobsters for all WTO members while the U.S. removes its WTO tariffs on goods of which EU companies have a larger market share, such as cigarette lighters and certain processed meals. The deal was endorsed by the European Parliament in November 2020.
- Prior to the new year, 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.

Civil Aircraft Disputes

- USTR [announced](#) it will impose tariffs on additional European goods because the EU made unfair calculations in its approach to retaliating against the U.S. for Boeing subsidies. According to USTR, the EU took the wrong approach in calculating its WTO authorized tariffs as it used “trade data from a period in which trade volumes had been drastically reduced due to the horrific effects on the global economy from the COVID-19 virus.” “Although the United States explained to the EU the distortive effect of its selected time period, the EU refused to change its approach,” USTR claims. Moreover, USTR says the EU also calculated the amount of trade “using EU-27 trade volume,” excluding United Kingdom trade. “The effect of this was to unfairly increase the retaliation for the 52 days in which the UK remained within the EU for tariff purposes,” and the EU “needs to take some measure to compensate for this unfairness.”
- According to USTR, the new products hit by the additional tariffs “include aircraft manufacturing parts from France and Germany, certain non-sparkling wine from France and Germany, and certain cognac and other grape brandies from France and Germany.” The French wine exporters’ federation said the U.S. decision to impose additional tariffs on French wines and cognac will cost the sector a total of over 1 billion euros. “This is a real sledgehammer blow in a fight which has nothing to do with us,” said Cesar Giron, president of the Federation of Wine and Spirits Exporters. USTR gave no more details on the tariffs but said more information would soon be posted in the Federal Register.
- Following the additional tariffs by the U.S., the European Commission said it hopes to find a swift resolution with the incoming Biden administration on the civil aircraft dispute. “The EU will engage with the new U.S. administration at the earliest possible moment to continue these negotiations and find a lasting solution to the dispute,” the EC wrote in a statement. “We’re in close contact with the European Commission and all our partners to establish the adequate response that should be given to this American decision we deem illegitimate and that comes at a time



Bruno Le Maire, France's Finance Minister

where both our economies are already badly hit but the crisis we're all experiencing," said Frances government officials, including finance minister Bruno Le Maire. The Commission also stated that the U.S. action had "unilaterally" disrupted ongoing negotiations about respective state subsidies for Airbus and Boeing.

- On November 4, 2020 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.

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

- According to a report by *POLITICO*, Officials at the Office of the U.S. Trade Representative may be delaying the transition to President-elect Joe Biden's team by refusing to schedule meetings. According to *POLITICO*, USTR political staff members are still rebuffing efforts from Biden's transition landing team to meet with career staff at the agency. The Biden transition team did not comment but one source said, "On their abbreviated timeline, the USTR agency review team continues to do everything it can to make progress. We are hopeful for increased collaboration."
- 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.

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.

- At present, the USITC is conducting four “monitoring” investigations on imports of strawberries, bell peppers, cucumbers and squash, respectively, in concert 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 approaching the scheduled hearing date, with an injury decision expected 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

- Progress on breaking the deadlock on the new WTO leader remains stalled as 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 is further complicated by COVID restrictions in Geneva. The WTO General Council chair, David Walker in December 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 U.S. proposed that the WTO should treat a country’s failure to uphold basic environmental standards as a subsidy and allow other members to impose countervailing duties to offset the benefit received by an industry that does not meet “a threshold of fundamental standards.” The proposal is called “Advancing Sustainability Goals through Trade Rules to Level the Playing Field” and will be put forward as a part of planned discussions on sustainability. The proposal marks the first signal from the Trump administration that it is open to WTO talks on sustainability. The first meetings of the discussions on sustainability will be held in early 2021.
- The global pandemic and dissolution of the Appellate Body likely led to a record low 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”.