

Shifting Gears in U.S. International Trade Politics

RMTC

July 8, 2021

Biden's trade policy priorities

In a sentence: Biden would return US policy to a pre-Trump era of multilateralism with emphases on environmental protection and labor rights; his administration is focusing on a multilateral approach to combating China.



Re-engage in multilateral trade policymaking

- Focus on engaging in WTO negotiations and textual frameworks
- Re-engage with existing international legal framework for trade dispute settlement



Improve trade relationships with historic American allies

- Eliminate 'Trump-era' tariffs on EU/Canada, other allies
- Improve trade relations with allies by gradually deteriorating Trump-era "national security" tariffs on imports



Support domestic manufacturing via buy-American proposals and investments

- Proposed an over \$700 billion "Buy American - Make in America" plan to boost investment in US firms and domestic manufacturing
- Impose tariffs or revoke subsidies on firms that move jobs overseas



Addressing China's trade leadership

- Unlikely to remove some Trump-era tariffs on China
- Coordinate with other OECD nations to counter China
- Potential re-engagement with CPTPP to counter China

Free trade agreements: likelihood of potential actions



Potential action	DEM HOUSE DEM SENATE

Seek to join CPTPP	Possible
Prioritize bilateral deals	Unlikely
Focus on enforcing existing FTAs	Very Likely
Reform Trade Promotion Authority	Likely
Require enforceable environmental protections in trade deals	Very Likely
Reform WTO	Possible

Tariffs: likelihood of potential actions



Potential action	DEM HOUSE DEM SENATE

Keep some Trump-era tariffs	Possible
Remove all Sec. 232 tariffs on allies	Very Likely
Join with OECD allies to combat China, in lieu of tariffs	Very Likely
Add tariffs to EU automobiles	Unlikely
Increase tariffs on China	Unlikely



117th Congress committee leadership: Trade

NAMES IN ITALICS DENOTE CHAIRS/RANKING MEMBERS WHO HOLD THE POSITION IN THE 116TH CONGRESS; BOLDED NAMES DENOTE NEWLY SELECTED LEADERSHIP

<u>Committee</u>	<u>Democratic Leader</u>	<u>Republican Leader</u>
Senate Finance	→ <i>Ron Wyden (OR)</i>	<i>Mike Crapo (ID)</i>
Senate Foreign Relations	→ <i>Bob Menendez (NJ)</i>	<i>Jim Risch (ID)</i>
House Ways and Means	→ <i>Richard Neal (MA)</i>	<i>Kevin Brady (TX)</i>
House Foreign Affairs	→ Gregory Meeks (NY)	<i>Michael McCaul (TX)</i>

United States Innovation and Competition Act

Sponsor



Sen. Charles Schumer
D-NY

Background

- The federal government wants to stem China's rising economic might
- The US currently lags behind China on research and semiconductor manufacturing
- On June 8, 2021, the Senate approved passage of the bill by a vote of 68-32

Outlook

- Wide-ranging bill to boost U.S. competitiveness vis-à-vis China, also reauthorizes the U.S. Generalized System of Preferences (GSP), among other actions on trade policy.
- Bill passed the Senate on June 8
- Timing for consideration in the House remains uncertain

Key provisions



Invests **\$100 billion** in US education, science, and technology as well as **research and development** over a five-year period



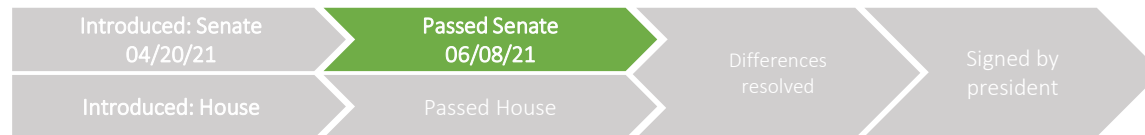
Would rename the National Science Foundation as the **National Science and Technology Foundation**, and establish two Deputy Directors, one for Science and one for Technology.



The Deputy Director of Technology would oversee a newly created **Directorate for Technology** with the aim of strengthening leadership in critical technologies and promoting education in ten key technology focus areas, including **AI, Quantum computing, and cybersecurity**

Status

S. 1260



S. 118 – Promoting Rural Exports Act of 2021

Bill sponsor



Sen. Amy Klobuchar
D-MN

Background

- Sen. Klobuchar (D-MN) introduced this bill in each of the last two Senate sessions, but it never reached the Senate floor
- Rep. Collin Peterson (D-MN) introduced a similar bill in the House in 2019; as with the Senate bill, it never received a vote
- The North Dakota District Export Council established a rural export center in Fargo, ND, last year; this bill establishes a center at the US Commercial Service

Outlook

- This trade bill has bipartisan support
- The only lawmakers to support this bill, in either the Senate or the House, are Democrats from Minnesota, or Republicans from North Dakota

Key provisions



Establishes a Rural Export Center, with the aim of boosting exports for rural business seeking to sell their products abroad



The Center will provide market research and strategic planning services to these businesses



The Center will also collect data to measure its effectiveness in assisting rural companies

Status

S. 118

Introduced: Senate
01/28/21

Passed Senate

Differences
resolved

Signed by
president

Introduced: House

Passed House

S. 249 – United States-Cuba Trade Act of 2021

Bill sponsor



Sen. Ron Wyden
D-OR

Background

- Originally signed in 1962 by President Kennedy, the United States maintains an economic embargo on the Republic of Cuba
- Sen. Wyden (D-OR) introduced this bill in the 115th Congress, however, it did not receive a vote
- The bill was read twice and referred to the Senate Committee on Finance

Outlook

- This bill, alongside S.118, has the highest number of cosponsors among trade bills introduced in the 117th congress
- The only lawmakers to cosponsor the legislation thus far are Democrats, making its passage unlikely without Republican support

Key provisions



Repeals the current economic embargo on the Republic of Cuba by the United States



Establishes normal trade relations between the two nations



Ensures that all travel to and from Cuba by citizens of the United States, following American laws, may not be regulated or prohibited

Status

S. 249

Introduced: Senate
02/04/21

Passed Senate

Differences resolved

Signed by president

Introduced: House

Passed House