



THE NEW U.S. GOVERNMENT'S TRADE POLICY

-- SPEAKING NOTES --

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I. Overview – First 11 Months and Current Situation

- No grand theme, either internally or externally (to replace “competitive liberalization” paradigm). Only clear trade priority articulated so far: enforcement.
- Trade has been a low priority. Congressional votes have been especially avoided as they would pose a particular problem for Democrats, but everything that could divert attention from higher priorities is being minimized.
- Staffing has been an issue – partly a cause of, and partly an effect of, the lagging trade agenda. Beyond the initial delay in naming a USTR after one candidate declined, there is still no confirmed Deputy USTR for WTO (Punke) or for Americas/Europe (Sapiro), no confirmed Chief Agriculture Negotiator (Siddiqui) or DOC Under Secretary for Intl Commerce (Sanchez), and not even a nominee yet for A/S Import Administration or MAC at Commerce.
- Normal drivers of change to US trade regime are mostly inoperative; autonomous reforms are being debated.

II. Autonomous Reform of US Trade Regime

- Enforcement machinery
 - What USTR has announced and done
 - Primacy of enforcement
 - NTE revisions
 - Looking for cases on labor
 - What Congress is considering
 - Dedicated enforcer positions
 - Super 301
 - Broader reforms like TRADE act
- Tariff reform
 - MTB
 - Footwear

- Other (e.g., ethanol tariff)
- Customs reform (in reauthorization)
 - Trade facilitation focus
 - IP focus
- Preference program reform
 - Graduations from GSP
 - Merger of programs
 - New benefits (Afghanistan, Pakistan, Vietnam)
- Import safety
 - Food safety/SPS (incl. Chinese chicken, Vietnamese catfish, etc.)
 - CPSIA and follow-up
 - Product specific (e.g., cement)
- Government procurement
 - Buy American -- in stimulus and elsewhere
 - Canada - local procurement
- Cuba – completed and proposed reforms of US policy
- Contingent Trade Remedies
 - NME-AD-CVD
 - Other issues

III. Traditional, Agreement-Based, Development of US Trade Regime (Stalled)

- Implementation of pending FTAs – requires change in political conditions
- Negotiations
 - Pending – Doha stalled, no other open negotiations aimed at broad, cross-sectoral agreements
 - New negotiations -- BITs (after update of template), TPP (maybe)
- Implementation of outstanding dispute settlement decisions
 - Cotton – may look for compensation package
 - Zeroing – continued stalemate, connected to Doha Rules negotiation
 - Section 211 – tied to broader Cuba debate
 - Others – virtually no current focus

IV. Special Interests? Bipartisanship?

- Every U.S. Administration responds to special interests. Obama Administration is beholden to some interest groups currently taking a flatly anti-trade-liberalization stance. And it must work with a legislature controlled by a Democratic party whose congressional wing, especially in the House, has few pro-trade champions in comparison to past eras.
- Enforcement rhetoric (and behavior so far) reflects interest-group politics but does not distinguish this administration from others. What *does* distinguish this administration is its skittishness about also advancing trade-liberalizing initiatives. I would not describe this administration as “captive” to anti-trade interests, but rather as “preoccupied” with other matters. For the moment, the effect on trade policy output is (alas) largely the same.
- This government has changed the rules for trade advocacy in Washington. Registered lobbyists are being expelled from trade advisory committees (this mainly affects business) and prevented from serving in the administration. Special disclosure rules have even been adopted for advocacy on legislated tariff suspensions (MTB).
- Bipartisanship: Certain narrow trade items (noted below) could be packaged and enacted with bipartisan support. There is also bipartisan support for the view that the Doha deals currently on offer are insufficient. Otherwise, near-term prospects for bipartisanship on trade are slim.
 - Votes on trade-liberalizing measures split the Democratic caucus and are viewed as harmful to the maintenance of their legislative majority.
 - Also, anything brought to a vote under current circumstances, including even a new TPA bill, will likely have enough blue and green (labor and environmental) content to provoke opposition from some otherwise-pro-trade Republicans -- the Phil Gramm position resurfacing.
 - Forward motion on trade-liberalizing initiatives would mark a split between the political interests of President Obama and those of his party’s congressional wing. “Triangulation” is a normal development in U.S. politics, but it hasn’t happened yet in the current cycle.

V. Outlook for 2010

- Some autonomous reforms may come to closure in 2010:

- Preference program reform
 - Tariff reform (MTB, maybe other similar items)
 - Customs Reauthorization
 - Adjustments of enforcement machinery
- Other items are unlikely to advance in 2010
 - Votes on implementing legislation for pending FTAs
 - Declaration of satisfaction with Doha deal, allowing the Round to close
 - TPA
 - Action on carbon control – which when it does happen will have a big trade component
- Developments at the level of grand strategy and doctrine, providing context and predictability for the new US government's behavior across the full range of international commercial initiatives, will emerge slowly if at all. No one should expect 2010 to differ greatly from 2009 in that respect.