

COUNCIL *on*
**FOREIGN
RELATIONS**

**U.S. TRADE POLICY IN 2021
SIX STORIES TO WATCH**

**EDWARD ALDEN
BERNARD L. SCHWARTZ SENIOR FELLOW
NATIONAL PRESS FOUNDATION
NOVEMBER 17, 2020**

THE REORGANIZATION OF GLOBAL SUPPLY CHAINS

- President-elect Biden has promised to “[implement fundamental reforms](#) that shift production of a range of critical products back to U.S. soil, creating new jobs and protecting U.S. supply chains against national security threats.”
- The targeted sectors include not just medical equipment but also energy and grid resilience technologies, semiconductors, key electronics technologies, telecommunications infrastructure, and key raw materials.
- Core story:
 - Who wins and who loses in this reshuffling of supply chains?
 - What are the costs for taxpayers?
- Possible sources:
 - State and local economic development officials
 - Supply chain managers at local companies
 - Supply chain experts in think tanks
 - Commerce Department officials
 - Trade Associations

TARIFFS, TARIFFS AND MORE (OR FEWER?) TARIFFS

- President Trump's aggressive use of tariffs, mostly outside the rules of the World Trade Organization (WTO), was his biggest departure from post-war trade norms
- Biden has not said whether, or how quickly, he intends to remove the tariffs. But he is likely to face early lobbying from companies that want the tariffs lifted or want to win an "exemption."
- Sectors affected include steel, aluminum, aircraft, apparel, footwear, solar panels, washing machines, agriculture, alcoholic beverages, consumer electronics, heavy equipment.
- Core story:
 - What pressures will the Biden administration face to maintain or to lift tariffs?
 - Which companies and sectors, and in which regions, will win or lose?
- Possible sources:
 - Trade Associations
 - Local officials from affected companies
 - Trade lawyers
 - Academic economists in universities/think tanks, including the [Peterson Institute](#), [CFR](#), [CSIS](#) and [Brookings](#).
 - State and local economic development officials

THE U.S. PLACE IN THE ASIA-PACIFIC TRADING ORDER

- Biden has said he will not pursue further trade deals “[until we’ve made major investments here at home](#), in our workers and our communities.”
- But China has recently concluded a large-scale, though shallow, trade agreement among 15 nations in the region, known as the Regional Comprehensive Economic Partnership.
- U.S. allies in Asia want the U.S. back in the TPP, but the domestic politics in the U.S. are complicated
- Core story:
 - Asia is “[returning to its position at the center of the global economy](#),” according to Bloomberg. How will the U.S. engage?
 - Can the administration thread the political needle at home?
- Possible sources:
 - U.S. diplomatic officials (State Department, Pentagon, White House)
 - Asian embassy representatives in D.C.
 - Academic and think tank experts
 - Congressional staff on key committees

CAN THE WORLD TRADE ORGANIZATION SURVIVE?

- The WTO, launched in 1995, for the first time created a binding system of rules for international trade.
- The system is unraveling. Both the U.S. and China have taken a series of actions that likely violate WTO rules.
- The dispute settlement process has been undermined by the U.S. refusal to allow new appointments to the Appellate Body, the WTO's final court.
- The U.S. is blocking the appointment of Nigerian-American Ngozi Okonjo-Iweala, who is otherwise the consensus pick as the next director-general.
- Core story:
 - Can binding international rules for international trade survive?
 - What does this mean especially for smaller economies, which have been the big winners?
- Possible sources:
 - U.S. diplomatic officials (USTR, White House)
 - Government officials in WTO member countries and their Geneva representatives.
 - Academic and think tank experts
 - Congressional staff on key committees
 - Trade Associations

ENFORCING LABOR RIGHTS IN TRADE AGREEMENTS

- The new USMCA will be a model for the next administration, and it contains [the most sweeping labor rights provisions ever included in a trade agreement](#).
- It includes a “rapid response mechanism” that fast tracks U.S. complaints over labor rights violations in Mexico.
- There will also be issues in auto concerning wages paid by U.S., Mexican and Canadian companies.
- Core story:
 - The United States is promising aggressive enforcement , with possibly quick retaliator sanctions,
 - Can the administration thread the political needle at home and the diplomatic needle abroad?
- Possible sources:
 - U.S. diplomatic officials (State Department, USTR, the [Bureau of International Labor Affairs](#))
 - Mexican government officials
 - Labor union officials
 - Trade lawyers
 - Congressional staff on key committees.

MAKING UP WITH EUROPE (IS HARD TO DO)

- Biden's big promise on trade is that he will work more closely with traditional U.S. allies, especially in developing a common approach to China.
- But the U.S. and Europe face a host of daunting trade challenges that promises a rocky start
 - The [Airbus/Boeing tariffs](#).
 - [Brexit and trade with the UK](#).
 - [Taxation of digital companies](#).
- Core story:
 - Can the United States and Europe overcome their trade differences to develop a common approach?
 - What does this mean for U.S. tech companies in particular?
- Possible sources:
 - U.S. diplomatic officials (State Department, USTR, White House)
 - European diplomats in Washington (the EU and member states)
 - Foreign policy and trade experts. Good think tanks here include the [German Marshall Fund](#), the [Atlantic Council](#), [AICGS](#), [Chatham House](#), [ECIPE](#).
 - Congressional staff on key committees

**COUNCIL *on*
FOREIGN
RELATIONS**

**EDWARD ALDEN
SENIOR FELLOW
EALDEN@CFR.ORG
TWITTER AND LINKEDIN:
[@EDWARDALDEN](#)**