

## Morning Trade

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— G-20 trade ministers want to ensure the flow of vital medical products during the pandemic, even as more countries are imposing export restrictions. U.S. Trade Representative Robert Lighthizer noted that reliance on other countries as a source of cheap medical supplies has revealed "a strategic vulnerability."

— An influential group of senators are asking the Trump administration to delay its planned June 1 start date for the U.S.-Mexico-Canada Agreement until all three countries are fully in compliance.

— USTR's National Trade Estimates report on global trade barriers is due for release today, in a sign that normal trade policy work is continuing amid the pandemic.

IT'S TUESDAY, MARCH 31! Welcome to Morning Trade, where your host knows well from past experience that if you don't laugh, you'll just end up crying. Keep the memes and the trade news flowing: [abehsudi@politico.com](mailto:abehsudi@politico.com) or [@abehsudi](https://twitter.com/abehsudi).

G-20 CALLS FOR OPEN TRADE, SORT OF: Trade ministers from G-20 governments pledged to increase the flow of vital medical products amid the coronavirus pandemic, but a virtual meeting among the officials on Monday stopped short of denouncing export restrictions.

Top trade officials said in a joint statement that they "will take immediate necessary measures to facilitate trade in those essential goods." They also promised, similar to a G-20 leaders' statement last week, that any emergency measures to restrict trade in medical goods "must be targeted, proportionate, transparent, and temporary."

The trade ministers included additional language, promising any emergency measures would "not create unnecessary barriers to trade or disruption to global supply chains, and are consistent with WTO rules."

Staying flexible: World Trade Organization rules generally prohibit export restrictions but allow them in times of crisis. Exceptions can be made if the measures are "necessary to protect human, animal or plant life or health" or "essential to the acquisition or distribution of products in general or local short supply," according to a recent Congressional Research Service report.

Food shortages likely: As hospitals and health care systems scrounge for medical supplies, there is growing concern that food supply chains could also start to see an impact. The U.N. Committee on World Food Security sounded a warning that "disruptions at borders and in supply chains may cause an echo in the food system with potentially disastrous effects."

The G-20 trade ministers said they are concerned about how the coronavirus will affect "vulnerable developing and least developed countries, and notably in Africa and small island states."

The U.S. position: Lighthizer, in remarks to the group, emphasized what he saw as one big lesson from the crisis: "Unfortunately, like others, we are learning in this crisis that over-dependence on other countries as a source of cheap medical products and supplies has created a strategic vulnerability to our economy."

But the United States also recognizes "not every country has the ability to boost domestic sources of supply," Lighthizer added. "In short, on trade, we believe actions taken should be temporary, transparent, and appropriate. We should do as little as possible to disrupt supply chains and be cognizant of the effects on our neighbors, as I said, particularly those least able to take care of themselves." The U.S. has faced criticism for staying silent as a growing number of countries imposed export restrictions on medical goods.

The view from EU and Japan: European Trade Commissioner Phil Hogan defended EU measures to restrict exports of certain medical equipment. "We took these steps to protect the health of our citizens at a time when Europe was at the epicentre of the pandemic. Our export authorisation measure is a monitoring tool for the trade of medical products at a vital point in time — nothing more, nothing less," he said in a statement. "It was the right thing to do and we are confident it will achieve the desired result in due course."

Japan's deputy foreign minister, Kenji Wakamiya, said any trade measures to protect public health should be transparent and temporary. He also stressed the importance of revitalizing the multilateral trading system, beyond its state prior to the pandemic, by advancing negotiations on e-commerce, according to an unofficial translation of a government statement on the meeting.

Saudi King Salman chairs a video call of world leaders from the Group of 20 and other international bodies and organizations. | AP Photo

**SENATORS URGE USMCA DELAY:** A bipartisan group of 19 senators is asking the Trump administration to hold off on its plan for the USMCA to go into effect on June 1. In a letter to Lighthizer, Senate Finance Committee members emphasized that the deal should not enter into force until it is clear that all three countries are fully in compliance.

"Even absent the pandemic, a June 1 deadline would be highly aggressive, and raises questions as to whether businesses have the information they need to adjust to the new rules and comply by that date," wrote the senators, led by Finance Chairman Chuck Grassley (R-Iowa) and ranking member Ron Wyden (D-Ore.).

In recent days, it's become increasingly clear that the Trump administration is not on track for the NAFTA replacement to fully go into effect on June 1, as it has planned. Industry officials and people familiar with the talks told POLITICO that they have received no indication that the North American trading partners are ready, particularly given all three countries' current focus on combating the coronavirus.

**GROUP ARGUES AGAINST DUTY SUSPENSIONS:** Companies that benefit from anti-dumping and countervailing duties on foreign goods are urging the Trump administration not to

defer collection of those trade remedy duties to help other companies weather the economic downturn caused by the coronavirus.

The group known as the Committee to Support U.S. Trade Laws said in a statement that deferring the duties would have a "devastating" effect on trade-impacted industries that are also suffering lost sales because of the pandemic.

Dan Ikenson, director of the Cato Institute's Center for Trade Policy Studies, zeroed in on the group's line expressing concern about how deferring collection of the duties would hurt manufacturers and farmers. "That's rich! It is the very tariffs CSUSTL defends that is killing U.S MFGs & farmers," he wrote on Twitter.

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**NATIONAL TRADE ESTIMATES REPORT DUE OUT TODAY:** USTR's annual report on foreign trade barriers is due out today, a sign that normal trade policy work is continuing amid the coronavirus pandemic. The publication runs hundreds of pages and often seems to be largely cut and pasted from the previous year's edition. Still, the annual review process allows industries to highlight new problems and focus renewed attention on old ones.

'Buy national' policies: In a Sept. 3 Federal Register notice, USTR asked for information on 11 different categories of trade and investment barriers that disadvantage American firms, including "buy national" policies in the area of government procurement. That seems particularly relevant this year, given the ongoing debate within the administration over a still unissued "Buy American" executive order championed by White House trade adviser Peter Navarro to encourage greater domestic production of pharmaceuticals and medical goods.

The Pharmaceutical Research and Manufacturers of America, in its submission, expressed concerns about current and potential government procurement restrictions in a number of countries, including Mexico, Russia, China, Indonesia, Malaysia, New Zealand, the Philippines, Thailand, Ukraine and Vietnam. Other groups, such as the Coalition of Services Industries, raised similar concerns with regard to their sector in overseas markets.

**NAM's wish list:** The National Association of Manufacturers urged USTR to focus on six problem areas, and identified its priority countries for each category: Import policies (China and India); technical trade barriers (Brazil, the EU, China, India and South Korea); subsidies (China and India); lack of intellectual property protection and enforcement (Canada, Chile, China, Colombia, India, Indonesia and Russia); digital trade barriers (Brazil, China and India); and investment barriers (Brazil, China, India, Indonesia and Russia).

**FORD, GE RAMP UP VENTILATOR PRODUCTION:** Ford announced it will produce 50,000 ventilators over the next 100 days in a partnership with GE Healthcare. 500 Ford employees volunteered to join the effort and will be paid their normal wages, company executives said on a call with reporters.

Navarro said in a statement that the companies are "moving in 'Trump time' to speed urgently needed ventilators to the front lines of the Trump administration's full-scale war against the coronavirus." Production on the Ford/GE effort will start the week of April 20.

President Trump on Friday invoked the Defense Production Act to compel fellow carmaker General Motors to produce ventilators, while also telling Ford in a Tweet to "GET GOING ON VENTILATORS, FAST!!!!!!!"

REVOLVING DOOR: SHAW HEADS TO HOGAN LOVELLS: Kelly Ann Shaw, who served as senior trade adviser at the White House National Economic Council, has joined Hogan Lovells as a partner. She will be part of the firm's international trade and investment practice as well as the government relations and public affairs practice.

Shaw left her position as deputy assistant to the president for international economic affairs and NEC deputy director in October. She was also a U.S. lead negotiator at the G-7, G-20 and APEC. Prior to that, Shaw worked for USTR and the House Ways and Means Committee.

#### INTERNATIONAL OVERNIGHT

— China's manufacturing activity rebounded strongly in March but faces challenges with external demand, Bloomberg reports.

— A China Daily editorial warns that U.S. companies could face consequences if Huawei is hit by new sanctions.

— Some of America's best-known companies won't qualify for bailout money because their finances are so bad, POLITICO reports.

— House Democrats are moving quickly on a fourth coronavirus relief package, POLITICO reports.

