

## **International Policy Update**

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### **U.S.-Africa Business Center Hosts Tunisian Prime Minister**

On July 12, H.E. Youssef Chahed, Head of Government of the Republic of Tunisia, visited the U.S. Chamber of Commerce for a luncheon with members of the U.S.-Africa Business Center. Scott Eisner, President of the U.S.-Africa Business Center, reiterated the importance of improving and bolstering U.S.-Africa trade relations and highlighted the Chamber's commitment to working with the government and private sector in Tunisia.

During his visit, Chahed focused the conversation on the top three priorities of the Tunisian government. The Tunisian government's commitment to safety and counterterrorism in the region was first on the list. Chahed believes that working closely with the U.S. government in the fight against terrorism will be critical to abating security fears of potential investors. Second, he underscored the need to fight corruption. With corruption and bureaucracy being a concern for many investors, Chahed assured the business community that the government is working towards eradicating corruption. Finally, with the high rate of unemployment in the country, the government will focus on job creation and reforming the banking sector in order to grow Tunisia's economy.

For further information, please contact Africa Coordinator Maddison Abboud ([mabboud@uschamber.com](mailto:mabboud@uschamber.com)).

### **USTR Calls for a Joint Committee Meeting on KORUS**

U.S. Trade Representative Robert Lighthizer on July 12 formally notified the Republic of Korea that the United States is calling for a special session of the Joint Committee as provided by Article 22.2 of the U.S.-Korea Free Trade Agreement. According to the [letter](#), the meeting will "consider matters affecting the operation of the Agreement, including possible amendments and modifications. I believe that this session and the follow-on negotiations will provide an opportunity to review progress on the implementation of the Agreement, resolve several problems regarding market access in Korea for U.S. exports, and, most importantly, address our significant trade imbalance."

According to a USTR press release, "the special Joint Committee meeting [is] to take place in Washington, D.C., on a date next month to be agreed upon by the Parties." Any amendments or modifications to the existing agreement must be agreed to by both parties.

U.S. Chamber Senior Vice President for Asia Tami Overby commented: "The U.S.-Korea Free Trade Agreement has supported American exports such as agricultural products, manufactured goods, and services. The Chamber looks forward to working with the administration to identify possible ways to improve implementation and enforcement and to ensure that the agreement delivers on its potential to create jobs and grow our economy."

The Chamber and its affiliate, the U.S.-Korea Business Council, are closely monitoring the situation, and will continue to provide input to various U.S. government agencies in advance of the meeting. For further information, please contact Executive Director for Asia Jim Fatheree ([jfatheree@uschamber.com](mailto:jfatheree@uschamber.com)).

### **U.S.-UK Business Council Visits Brussels, London**

This week, a delegation of member companies and staff from the Chamber-affiliated U.S.-UK Business Council traveled to Brussels and London to meet with senior policymakers on the front lines of the Brexit negotiations. While in Brussels, the delegation met with senior representatives of the EU and its member states, including Permanent Representatives to the EU from the UK, Ireland, and Germany, members of the EU Parliament, and Sabine Weyand, Deputy Chief Negotiator of the Article 50 Task Force, to discuss the positions of the UK, EU, and the U.S. government during the initial phase of the Brexit process. From there, the delegation traveled to London where they are meeting with Members of Parliament on the Committee on Exiting the EU, the Prime Minister's office, and the Confederation of British Industry, among others.

For further information, please contact Director of European Affairs Garrett Workman ([gworkman@uschamber.com](mailto:gworkman@uschamber.com)).

### **U.S.-Colombia Business Council Welcomes Trade Minister**

On July 13, U.S. Chamber Senior Vice President for the Americas Jodi Hanson Bond hosted an off-the-record breakfast conversation with Maria Claudia Lacouture, Colombia's Minister of Trade, Industry and Tourism, to discuss ways to advance the bilateral commercial partnership. The Minister joined the U.S. Colombia Business Council (USCBC) to build on the dialogue launched in May 2017 through the council's Binational Business Summit featuring President Santos, Commerce Secretary Ross and Minister Lacouture.

At the Summit, and at a White House press conference, President Santos prioritized private sector advice and input on the trade and investment relationship. During this follow-on meeting, the USCBC Secretariat highlighted the Trade & Investment Working Group's white paper that outlines ways the private sector can contribute to greater commercial opportunity in both markets. The Colombian government is focused on increasing economic growth in the post-conflict period, and Lacouture pointed specifically to infrastructure and agriculture as priority sectors for the country.

For further information, please contact USCBC Executive Director Kendra Gaither ([kgaither@uschamber.com](mailto:kgaither@uschamber.com)).

### **Chamber Urges Full Funding for Trade Agencies**

On July 12, the Chamber sent a [letter](#) to House appropriators urging them to provide funds for important initiatives and programs in the business community in the Fiscal Year 2018 Commerce, Justice, Science, and Related Agencies Appropriations bill.

In the letter, the Chamber outlined several recommendations including supporting an "increase in funding to \$58 million for the Office of the United States Trade Representative (USTR). USTR is tasked with leading the charge on U.S. trade negotiations, such as those with Canada and Mexico relating to modernization of the North American Free Trade Agreement (NAFTA), which will prove a major inter-agency undertaking. USTR is also charged with enforcement of other bilateral and plurilateral trade agreements as well as those reached under the World Trade Organization (WTO). Full funding is needed to strengthen the ability of USTR—one of the smallest and most efficient agencies in the U.S. government—to open international markets to U.S. goods and services and ensure effective enforcement of U.S. trade agreements for the American people."

The Chamber also urged House appropriators to support full funding for the U.S. Department of Commerce's International Trade Administration, which "provides essential technical and regional expertise relating to trade negotiations and enforcement."

In a [separate letter](#) to House appropriators, the Chamber urged "full funding for the U.S. International Affairs Budget-including the U.S. Export-Import Bank (Ex-Im), the Overseas Private Investment Corporation (OPIC), the U.S. Trade and Development Agency (USTDA), and the National Endowment for Democracy (NED)." The letter read in part:

Today, overseas markets represent 95 percent of the world's consumers and 80 percent of its purchasing power. Trade already supports half of all manufacturing jobs, and one in three acres of American farms is planted for hungry consumers overseas. Approximately 300,000 small- and medium-sized businesses export, accounting for one-third of all merchandise exports. The International Affairs budget and these agencies play a vital enabling role for U.S. companies to tap foreign markets and create jobs and prosperity at home.

The Chamber weighed in separately on the need to confirm board members for the Ex-Im Bank to restore a quorum and allow it to function normally. Neil Bradley, the Chamber's senior vice president and chief policy officer, issued a statement to the press on the nomination of Scott Garrett to be chairman:

The U.S. Chamber strongly supports a fully functioning Ex-Im Bank in order to ensure that U.S. businesses and the employees that work for them can remain competitive in the global marketplace. During the nomination process, it's up to Garrett to explain his desire to lead an organization that the president supports but that he has criticized, and he should commit to not undermining its mission or hindering its operations. If he can't make that commitment, it is highly unlikely that he can be confirmed.

For further information, please contact Executive Director for International Policy Christopher Wenk ([cwenk@uschamber.com](mailto:cwenk@uschamber.com)).

### **Ways & Means to Hold Hearing on NAFTA Modernization**

Earlier this week, Chairman Dave Reichert (R-WA) announced that the House Ways & Means Subcommittee on Trade will hold a hearing "Modernization of the North American Free Trade Agreement" on Tuesday July 18 at 10:00AM. In a statement announcing the hearing, Chairman Reichert said:

NAFTA has been remarkably successful for American workers, businesses, farmers, and consumers, but the world has changed so much since it was negotiated in 1993. We have an opportunity now to improve and update NAFTA to make it a stronger agreement that opens markets for U.S. goods and services and holds other countries accountable with strict and enforceable rules.

For further information, please contact Executive Director of International Policy Christopher Wenk ([cwenk@uschamber.com](mailto:cwenk@uschamber.com)).

### **Shea Tapped as U.S. Ambassador to the WTO**

On July 11, President Trump nominated Dennis Shea to be Deputy United States Trade Representative and U.S. Ambassador to the World Trade Organization (WTO) in Geneva, Switzerland. Shea is currently the Vice Chairman of the United States-China Economic and Security Review Commission, a Congressionally-appointed bipartisan panel that annually assesses the United States-China security, economic, and trade relationship, including China's compliance with its WTO commitments. He has served as the Commission Chairman or Vice Chairman each year since 2012, and as member since 2007. Shea has extensive background in law and public policy, and previously served as Assistant Secretary for Policy Development and Research at the U.S. Department of Housing and Urban Development. Earlier in his career, he was deputy chief of

staff and counsel to then-Senate Majority Leader Bob Dole. Mr. Shea received his J.D. from Harvard Law School, his A.M. from the Harvard Graduate School of Arts and Sciences, and his A.B. from Harvard College. Shea is principal and founder of Shea Public Strategies, Alexandria, Virginia.

### **World Leaders Gather for G-20 Summit**

On July 7-8, heads of major global economic powers met in Germany for the 2017 G-20 Summit. The 19 countries and the European Union discussed issues ranging from international trade and investment to climate issues and efforts to combat terrorism. On the sidelines of the Summit, President Trump held bilateral meetings on trade with Chinese President Xi Jinping, U.K. Prime Minister Theresa May, and Indonesian President Joko Widodo. President Trump predicted a "very powerful" trade deal with the U.K. which would occur "very, very quickly," and called for an "equitable and reciprocal" trade agreement with China.

In the G20 Leaders' Declaration, "*Shaping an interconnected world*," the leaders reiterated the importance of trade to international economic relationships stating: "International trade and investment are important engines of growth, productivity, innovation, job creation and development." The joint [communiqué](#) went on to state:

We will keep markets open noting the importance of reciprocal and mutually advantageous trade and investment frameworks and the principle of non-discrimination, and continue to fight protectionism including all unfair trade practices and recognize the role of legitimate trade defense instruments in this regard. We will strive to ensure a level playing field, in particular by promoting a favorable environment for trade and investment in this regard. We further reaffirm the importance of transparency for predictable and mutually beneficial trade relations. To this end, we value the monitoring activities by the WTO, UNCTAD and OECD within their existing mandates. We commit to further strengthen G20 trade and investment cooperation

We recognize that the benefits of international trade and investment have not been shared widely enough. We need to better enable our people to seize the opportunities and benefits of economic globalization. We agree to exchange experiences on the mitigation of the adjustment costs of trade and investment liberalization and technological change, and on appropriate domestic policies, as well as to enhance international cooperation towards inclusive and sustainable global growth. We underline the crucial role of the rules-based international trading system. We note the importance of bilateral, regional and plurilateral agreements being open, transparent, inclusive and WTO-consistent, and commit to working to ensure they complement the multilateral trade agreements.

The communiqué also addressed the issue of global steel capacity, saying: "Recognizing the sustained negative impacts on domestic production, trade and workers due to excess capacity in industrial sectors, we commit to further strengthening our cooperation to find collective solutions to tackle this global challenge. We urgently call for the removal of market-distorting subsidies and other types of support by governments and related entities."

### **Japan, European Union Strike Trade Deal**

On July 6, Japan and the EU agreed on the broad outlines of a new trade deal after four years of negotiations. Japan gave the agreement priority-dispatching officials to reignite negotiations earlier this year-after President Trump withdrew the United States from the Trans-Pacific Partnership.

The agreement seems likely to increase the flow of Japanese cars to Europe and of European food to Japan. The trade deal will give European farmers and producers of pork, beef, wine, and cheese nearly the same access to Japanese markets as the abandoned TPP agreement would have given to U.S. farmers. Tokyo is also likely to make it easier for European companies to bid for major government contracts. Language on cross-border data flows will be at least initially left out of the agreement, leaving the EU's position on the matter unresolved. Investment protection apparently will not be addressed in the agreement.

Months of work are needed to complete detailed legal texts and to ultimately ratify the deal both in Europe and Japan. For further information, please contact Marjorie Chorlins, Vice President of European Affairs ([mchorlins@uschamber.com](mailto:mchorlins@uschamber.com)).

### **This Week in Trade: From the Chamber Blogs**

[The Illusion of 'Buy American' Policy](#) by Christian Zur

All national governments, to varying degrees, seek to protect their industrial sectors and labor workforces from foreign competition. The United States is no exception. These protections come in many forms ranging from mild import tariffs and indirect subsidies, to restrictive domestic content quotas. Such deliberate trade obstacles usually are effective for a brief period before the real cost of such policies settle in, but often too late to save the actual domestic industrial sector they were designed to protect.

[Celebrate, America and Canada, Your National Holidays and the Spirit of Trade](#) by U.S. Chamber Staff

National anthem mash-ups aside, it is worth noting that the United States and Canada share much more than just the world's longest and most productive border. They share core values and a love of freedom, a commitment to democracy, a level playing field and open markets. And this time of year, they are both celebrating.

[Here's How to Modernize NAFTA](#) by John Murphy

As negotiations to modernize NAFTA begin, the Chamber asks the Administration to bear in mind these principles: Let us do no harm. Let us build on the market access and rules we currently enjoy under the NAFTA. To quote House Ways and Means Committee Chairman Kevin Brady, let us proceed "in a manner that retains current benefits in a seamless way that does not disrupt the current agreement."

### **Calendar of Events:**

July 17: Due date for NAFTA negotiating objectives from USTR.

August 8: Final USITC report on industry petitions for inclusion in a Congressional MTB due.

August 16: Negotiations to modernize NAFTA can begin.

September 12-25: United Nations General Assembly, New York City, New York.