

SENATE FINANCE COMMITTEE

Hearing to Consider the Pending Nomination of Jayme Ray White, of Washington, to be a Deputy United States Trade Representative (Western Hemisphere, Europe, the Middle East, Labor, and Environment), with the rank of Ambassador

Hearing Date: June 24, 2021

Questions for the Record

Chairman Wyden

Question 1:

Mr. White, if confirmed, in addition to covering labor, your portfolio will cover the environment. Environment is critical in trade -- both because we cannot allow a race to the bottom on environmental standards, which upends the playing field for American workers, and because environmental goods are a potential competitive opportunity for innovative American businesses.

- *Can you describe how you see trade policy supporting the Biden Administration's climate goals?*
- *How can USTR improve enforcement of environmental trade obligations?*

Answer: The President's 2021 Trade Agenda outlined and Ambassador Tai further reinforced that trade policy will provide the technical expertise and support for the whole-of-government efforts to combat climate change and realize the Administration's goals of achieving net-zero global emissions by 2050. If confirmed, I plan to review the environmental mechanisms outlined in our trade agreements to see how the United States can maximize their implementation and how to build upon models like the U.S.-Peru FTA's Annex on Forest Sector Governance that sought to increase governance, sustainable management, and enforcement of preventing illegal logging and trade in timber and wildlife products and the USMCA's Environment Cooperation and Customs Verification Agreement that expanded enforcement coordination and information sharing processes.

Senator Crapo

Question 1 – G-7 Tax Announcements

The Administration continues to highlight that one of its major achievements is the G-7 agreement regarding a global minimum tax. While there are limited details, the G-7 press release states that members will remove digital services taxes in exchange for the reallocation of

taxing rights of global companies, in addition to implementing a global minimum tax of 15 percent.

I am deeply skeptical of the Administration's reliance on other countries to enact a 15 percent global minimum tax. Critically though, I am also deeply disappointed that none of the countries have taken any serious action to roll back implementation or to suspend collection of their digital services taxes.

How do you think the United States should respond if our trading partners make no effort to stop collecting discriminatory digital services taxes on U.S. firms?

Answer: The Biden Administration remains determined to resolve the digital taxation dispute in the context of the OECD/G20 process. I was pleased to learn of last week's agreement of 130 countries representing more than 90 percent of global GDP to support a global minimum tax of at least 15 percent. Secretary Yellen has called this a historic accomplishment that provides the opportunity to build a global and domestic tax system that lets American workers and businesses compete and win in the world economy. To provide more tax certainty, the agreement at the OECD calls for there to be appropriate coordination of the application of the new international tax rules and the removal of digital service taxes and other similar measures. I understand that discussion of these and other implementations issues will continue through October.

Senator Cantwell

Question 1 – Boeing-Airbus:

What steps will you and USTR take to ensure the full implementation of the agreements with the EU and UK addressing government support for Large Civil Aircraft programs? How will USTR monitor compliance?

Answer: The frameworks for cooperation agreed to with the European Union and United Kingdom establish Working Groups to overcome disagreements that may arise regarding the principles set out in those instruments. This includes the principle that each side intends to provide financing to large civil aircraft producers on market terms. If confirmed, I will made robust use of that mechanism to ensure that the EU and UK are living up to the high standard we have set.

Question 2 – Boeing-Airbus:

What can USTR do to ensure that future European governments' supports to aerospace companies are administered on commercial terms, including those targeted to reduce aircraft emissions?

Answer: Through the Framework's Working Group, USTR can hold European governments to the principles set out to ensure that each side contributes to a level playing field, establishing fair competition for U.S. workers and producers. If confirmed, I will work to make this mechanism an effective and meaningful way to ensure that future government support programs are consistent with the findings in the underlying disputes.

Question 3 – Europe and Digital Trade

- *Beyond dealing with foreign Digital Service Taxes (DSTs), what is USTR's strategy on digital trade in Europe and how do we create new opportunities for American digital exporters?*
- *What is USTR doing to counter moves towards digital protectionism in Europe?*

Answer: My expectation is that USTR will, as part of the Biden-Harris Administration's focus on a foreign policy for the middle class, explore the ways in which digital trade rules can advance export opportunities for U.S. firms and U.S. workers. The United States and the European Union share the goal of combating digital authoritarianism. Trade rules that promote fair competition, including non-discrimination, allow parties with shared values to open markets and foster innovation.

Question 4 – Europe and Digital Trade

What role will USTR play in the newly created U.S. – Europe Trade and Technology Council that was announced during President Biden's recent visit?

Answer: Ambassador Tai is one the U.S. co-chairs of the Trade and Technology Council, along with Secretary Blinken and Secretary Raimondo. USTR will also participate actively in the working groups of the Trade and Technology Council, and expects to lead the working group on global trade challenges.

Senator Menendez

Question 1

As I said to Ambassador Tai in May, if the United States is going to successfully diversify away from China we'll need to deepen our trading relationships with our neighbors in the Western Hemisphere. And when it comes to addressing the challenges of migration in Central America, it's critical that we use all the tools at our disposal, including trade and economic development. If confirmed as the Deputy in charge of the Western Hemisphere, you will have a key role to play in that effort.

What aspects of the CAFTA-DR agreement do you think need to be reevaluated so we can make the agreement more successful?

Answer: CAFTA-DR is one of the United States' oldest and first FTA with a group of developing countries. It does not include the modern improvements of USMCA, especially as it relates to labor and enforcement. If confirmed, I would look for opportunities to maximize the full potential of the agreement.

Question 2

Will you commit to consulting with my office on any review of the agreement or changes you might seek?

Answer: Yes.

Question 3

In the last month, Nicaragua's Ortega regime has arrested four presidential candidates and over a dozen prominent leaders from the private sector and civil society. We have not seen an authoritarian crackdown of this nature in our hemisphere in decades.

Do you believe we should reconsider whether to continue to extend the benefits of CAFTA-DR to countries like Nicaragua that take such authoritarian actions?

Answer: There are a number of actions that the United States could take against countries that take authoritarian actions and experience alarming declines in human and civil rights. Reviewing trade capacity building and assistance available under a trade agreement could be a part of that review.

Question 4

Do you believe that the United States needs to incorporate standards into future free trade agreements to safeguard against the deterioration of democratic governance and the proliferation of corruption and human rights abuses?

Answer: Yes.

Question 5

Ambassador Tai said during her confirmation hearing that she would commit to "close consultations with the Senate Finance Committee on trade negotiations" and would work closely with the committee to identify ways to "improve the flow of information in the development of trade policy."

Do you likewise make this commitment?

Answer: Yes.

Question 6

Since USTR has committed to follow the 2015 Guidelines for Consultation and Engagement, will you commit to seek input from the Committees on Finance and Ways and Means on U.S. text proposals before sharing them with other governments and commit to provide an oral update to this Committee on the status of negotiations both before and after each negotiating session?

Answer: I commit to follow the 2015 Guidelines for Consultation and Engagement, if confirmed.

Senator Carper

Question 1 - Multilateral Trade Agreements:

On June 22, 2021 the Finance Subcommittee on International Trade, Customs, and Global Competitiveness held a hearing to review the benefits of a multilateral approach to trade policy in the Asia-Pacific region. We heard from experts who advised us on how the United States can get its seat back at the table and actively work with our allies to form new agreements to boost jobs and economic growth in our country.

- *Could you please share your perspective on the merits of a multilateral approach to trade policy in the Asia-Pacific region?*
- *Would you agree that the United States needs a strategy for re-engaging our allies in the Asia-Pacific region on trade? If yes, what are the essential elements that must be addressed to ensure that the United States can successfully re-engage in the region?*

Answer: If confirmed, I will work with Ambassador Tai to deepen trade engagement in the Asia-Pacific region. Specifically, I will work with our trading partners in multilateral settings, such as APEC, as well as in bilateral settings, to advance a worker-centered trade policy that represents a high-standard alternative to China's race-to-the-bottom approach.

Question 2 - USMCA, the Environment, and Mexico's Energy Reforms

Concerns have been raised about Mexico's recently enacted electricity reform legislation and its potential to undermine new private investment in Mexico's renewable energy sector by American companies and others, and its potential to violate agreements set out in the United States Mexico Canada agreement.

If confirmed, what steps will you take to ensure that environmental commitments in USMCA are upheld? Further, will you commit to monitoring this issue and to keeping Congress informed about any further action needed to address this issue?

Answer: Full realization of the labor and environmental commitments of the USMCA are key to the Agreement's success. If confirmed, I will meet with concerned stakeholders,

review the status of implementation discussions, and connect with my counterparts in both Mexico and Canada to fulfill the intent and obligations of the Agreement. Given the gravity of this important environmental work, I will consult with Congress.

Senator Whitehouse

Question 1

The Trump Administration failed to pair happy talk about the international fight against marine debris with meaningful action. I've been told that on several occasions, the U.S. government stood in the way of substantive international action on marine debris despite consensus among the other parties. While I was heartened by the inclusion of a marine debris provision in United States–Mexico–Canada Trade Agreement, I am concerned that we still are not using our commercial power effectively as we work to combat marine debris.

How do you plan to use the trade tools at your disposal to help with the fight against marine debris?

Answer: I understand the importance of marine debris to you and other Members of Congress, and if confirmed, I would welcome your advice on the opportunities and challenges of what role USTR may play in supporting broader U.S. government's efforts to reduce and prevent marine debris.

Senator Warren

Question 1

The internet is a large and growing force in the U.S. economy and global trade. Big tech companies provide valuable products but also wield enormous power over our commerce, discourse, and data. As Congress and the administration address competition, privacy, and other issues with big tech companies domestically, it is important that our trade rules do not undermine our efforts, or those of likeminded countries like our European trading partners.

Do you agree any digital trade policies must not undermine or forestall privacy regulation, disinformation prevention, or antitrust actions by the United States and its trading partners? Will you commit to engaging robust consultation with civil society actors on digital trade issues, as well as administration colleagues at the Federal Trade Commission and Department of Justice?

Answer: I agree. While my portfolio would not include digital trade, my expectation is that USTR would engage in robust consultations with a wide array of stakeholders, including civil society, as well as government regulators, including agencies such as the Department of Justice that are part of the statutory interagency process, and the Federal Trade Commission, which is not.

Senator Cornyn

Question 1

When nominee Tai appeared before us, now three months ago, many Senators raised questions about the 25% Section 301 China tariffs the last administration had reimposed in January, and many of us expressed our hope that USTR would act quickly to retroactively extend the exclusions and set up a new round for applications for exclusions. In her answers, she “If confirmed, I commit to assessing the Section 301 tariffs and exclusion process as part of President Biden’s comprehensive approach to confronting the China challenge.”

She appeared again five weeks ago, and Senators pressed her on when we could expect USTR to act. She answered “As soon as we can, and ensure that what we are doing has been thought through and is strategic and has a clear objective.”

Last week, the Senate expressed its growing frustration with USTR’s inaction by adding provisions to the Innovation and Competition Act that would compel USTR to retroactively renew exclusions and establish a new process to apply for exclusions. This legislative action comes after impacted companies and consumers have paid billions of dollars in reimposed tariffs, a full five months since the President was inaugurated, and three months after Katherine Tai was confirmed.

Most of us would be happy for USTR to act administratively to address this issue in the very near term.

Can you commit to addressing an exclusion process for these tariffs an immediate priority upon your confirmation?

Answer: The U.S. policy toward China touches many facets of our engagement in international trade, including with respect to the regions – Western Hemisphere, Europe, the Middle East - and topic areas – labor and environment, that, if confirmed, would be under my responsibility as Deputy U.S. Trade Representative. In that capacity, I will work to support the efforts of this Administration and the USTR to pursue a China policy that achieves the goals of the Build Back Better agenda and a worker-center trade policy, including with respect to any tariff exclusions.

Question 2

In May, USTR announced that it would support the waiving of intellectual property for COVID-19 vaccines and support text-based negotiations on a broader anti-innovation proposal from India and South Africa – longtime opponents of intellectual property protections. This was dramatic shift from our historic and longstanding support for stronger IP protections and enforcement

globally. In other words, we are usually in the business of supporting American innovation and creativity, not supporting giving it away to our competitors.

Since such a waiver of WTO/TRIPS agreement is likely to undermine – not expand – existing manufacturing capacity issues and will come months after the US has already donated its excess supply for the rest of the world, as Deputy USTR will you recommit this administration to this country's long-standing and bipartisan support for American intellectual property?

Answer: The Biden-Harris Administration has affirmed its support for strong intellectual property rules. COVID-19, as with prior global health crises, poses a particular challenge, both from a humanitarian perspective, as well as from an economic one. I share the Biden-Harris Administration's goal of promoting strong rules that incentivize innovation, while doing all we can to ensure that to the extent those rules inhibit access to medicines, and the global economic recovery, we make appropriate adjustments.

Question 3

One week from today will mark the one year anniversary from entry into force of the USMCA. Over the last year, however, Mexico has moved backwards here – and is now either non-compliant or threatening to take action that would make them non-compliant with the agreement in a wide range of issues that includes preferential treatment for state-run energy companies, regulatory delays for U.S. ag biotech and biopharmaceutical products, and local content quotas for film and television programming, among other issues.

If this kind of disregard for the USMCA persists, will you support USTR taking enforcement action to protect America's commercial interests in the agreement?

Answer: This January marked 27 years since NAFTA's entry into force. The USMCA includes new tools to address modern issues, and if confirmed, I plan to work closely with Ambassador Tai to fully implement the agreement and explore how the agreement's tools can be used to ensure that the parties fulfill their obligations.

Question 4

During President Biden's visit to Europe, the White House announced it would participate in the U.S.-EU Trade and Technology Council (TTC). Ensuring fair competition is among the issues the TTC will focus on. Yet the EU has taken several unilateral actions that would significantly impact American companies' ability to compete in Europe; one example is the Digital Markets Act (DMA).

As part of the TTC, are you prioritizing engaging with the EU on all unilateral regulatory actions to ensure American companies aren't unfairly discriminated against by DMA and other actions?

Answer: Engagement with European partners on a broad range of trade issues is a priority of the Biden-Harris Administration. Measures that appear to single out U.S. companies are always a concern of USTR, and I would expect both the Digital Services Act and the Digital Markets Act to be part of the discussion of digital governance in the Trade and Technology Council. It will be important to see if democracies can regulate the digital economy in a way that promotes fair competition, democratic values, and respect for human rights. If confirmed, I will consult closely with you as the Administration works through these important issues.

Question 5

The Comprehensive and Progressive Agreement for Trans-Pacific Partnership (CPTPP) has entered into force without the United States. The agreement represents approximately half a billion people and 14 percent of the global economy. American companies were negatively impacted when the U.S. withdrew from the TPP agreement in 2017. Joining the CPTPP would be a good opportunity for the U.S. to reclaim global leadership and write the rules of the road regarding trade, intellectual property, environmental and labor standards. It would also serve as an important foothold into key markets and help the U.S. compete against China.

Do you support the U.S. joining the CPTPP or an equivalent Asia-Pacific regional trade agreement? If not, can you explain why and what alternative you propose to help the U.S. counter China's rising influence and ensure that American exporters do not continue losing market share to their competitors?

Answer: The Biden Administration is prioritizing domestic investments to improve American competitiveness. I support this emphasis. The Administration is also pursuing a worker-centric trade policy. By focusing on American competitiveness and ensuring that our trade policy achieves a broader base of support, the Administration will, in my view, provide a foundation for pursuing innovative trade policies that achieve the twin goals of expanding opportunities for American exports, while ensuring that we address the harm to domestic workers and businesses from unfair trade practices. Striking that balance will lead to more durable agreements that facilitate our national security goals, in the Indo-Pacific region, and elsewhere.

Question 6

Last week, I, along with Senator Tom Carper of Delaware, Senator Pat Toomey of Pennsylvania, Senator Dianne Feinstein of California, Senator Chris Coons of Delaware and Senator James Lankford of Oklahoma, introduced the U.S-Mexico-Canada Foreign Trade Zone Modernization Act of 2021 or USMCA FTZ Modernization Act of 2021.

This bill would require an investigation by the ITC on the NAFTA-era, U.S. law restriction preventing products produced in FTZs that otherwise meet the Rules-of-Origin under that agreement from qualifying for reduced tariff benefits. This restriction places products

manufactured in U.S. FTZs at a disadvantage compared to their equivalent counterparts in Canada and Mexico.

If confirmed, would you be willing to initiate this investigation (precluding enactment of the bill) per the authority granted USTR under Section 332 of the Tariff Act of 1930?

Answer: The President has delegated the power under Section 332 of the Tariff Act of 1930 to request reports and investigations of the U.S. International Trade Commission to the U.S. Trade Representative. If confirmed, I would advise Ambassador Tai on utilizing this mechanism to understand how trade policies can support the Administration's agenda, including priorities such as promoting an inclusive economic agenda, the development and reinforcement of resilient manufacturing supply chains and the creation of good-paying jobs that support working families.

Senator Thune

Question 1

Intellectual property protection promotes innovation, job creation, and economic development. It also provides a range of other benefits, such as helping develop the advances necessary for fighting COVID-19.

You do not formally have IP enforcement in your portfolios but the Administration has so far failed to nominate a chief IP negotiator. As a result, protecting U.S. innovators' IP and enforcing international IP rules will be part of your job.

If confirmed, how will you ensure that American innovators and workers are not harmed by other countries undermining their IP protections?

Answer: The United States is a supporter of strong intellectual property protections. The annual Special 301 report provides an inventory of intellectual property practices around the world that undermine these protections, and I intend to work to ensure that our trading partners address those concerns.

Question 2

I remain concerned about the European Commission's inflexibility on new export certificate requirements on meat and dairy products. Given the requirements are set to take effect on August 21, 2021, it is critical that USTR engage on the issue to best protect American farmers, processors, and exporters.

If confirmed, will you commit to prioritizing this matter and updating me on USTR's progress on a resolution? How will you work to address this issue?

Answer: I share your concern and your sense of urgency. If confirmed, I would push the European Commission to work toward an outcome that does not disrupt trade, such as an extension of the August deadline to allow more time for technical discussions.

Senator Burr

Question 1

July 1, 2021 marks the one year anniversary of USMCA's entry into force. Over the last year, however, I have heard many concerns about Mexico's failure to implement its commitments on issues ranging from preferential treatment for state-run energy companies to regulatory delays for U.S. ag biotech and biopharmaceutical products to local content quotas for film and television programming.

If these actions continue, what actions will you take to ensure Mexico is upholding its obligations under the agreement?

Answer: U.S. companies continue to encounter market access and regulatory barriers in a number of different Mexican sectors. I noticed that Ambassador Tai already met with her Mexican counterpart twice this year, most recently in a bilateral meeting in advance of the inaugural USMCA Free Trade Commission meeting. If confirmed, I plan to continue robust engagement with both Mexico and Canada in full implementation of the agreement.

Senator Cassidy

Question 1 - CAFTA

I believe it is in the US interest for Central American countries to have stronger economies with greater job development. Among other things, this has the potential to decrease irregular migration to the US. Since the US has a trade agreement with Central America that includes standards for environmental and worker protections but not with China, our Central American trading partners are at a competitive disadvantage.

- *Do you think there might be ways to improve CAFTA to promote prosperity in Central America? If so, what are your thoughts?*
- *Do you have any other ideas about how we can promote stability and prosperity in our hemisphere?*

Answer: Resiliency and stability must be a hemispheric priority, and trade has a role to play. In February 2021, President Biden signed an "Executive Order on Creating a Comprehensive Regional Framework to Address the Causes of Migration, to Manage Migration Throughout North and Central America, and to

Provide Safe and Orderly Processing of Asylum Seekers at the United States Border.” The so-called Root Causes of Migration Executive Order specifically named USTR as an agency to explore how DR-CAFTA could be used to discourage unfair labor practices and increase security, stability, and inequality in the region. The United States has free trade agreements with 20 countries, 13 of which are in the Western Hemisphere. If confirmed, I plan to review the agreements and use all the existing tools to advance environmental and worker protections to support the economic opportunity and the competitiveness of the United States and our neighbors.

Question 2 - Rice

Haiti is the number one market for US milled rice, the majority of which comes from Louisiana producers. The capital, Port au Prince, is currently experiencing its worst civil unrest in 15 years. Trucks and warehouses with US rice are being looted, and vessels discharging US rice are unable to dock. If future vessels are unwilling to call on Haiti, the result will be a disaster for the people of Haiti as well as for US rice farmers.

- *Does the US government have any plans to help Haiti settle the unrest?*
- *Is there any other information you can share with Louisiana rice farmers to help them navigate the situation?*

Answer: The political situation and the gravity of the pandemic have only exacerbated a very trying period in Haiti. Last month, the State Department issued a Level Four travel warning, which makes it more difficult for U.S. businesses exporting to Haiti, and for the people in Haiti trying to keep their loved ones safe, healthy, and fed. I continue to closely monitor the developments. If confirmed, I will work with my colleagues in the U.S. State Department and the U.S. Department of Commerce to better understand what trade tools and options are available.

Question 3 - USMCA and Mexico:

One week from today will mark the one year anniversary from entry into force of the USMCA. Over the last year, however, Mexico has moved backwards here – and is now either non-compliant or threatening to take action that would make them non-compliant with the agreement in a wide range of issues that includes preferential treatment for state-run energy companies, regulatory delays for U.S. ag biotech and biopharmaceutical products, and local content quotas for film and television programming, among other issues.

If this kind of disregard for the USMCA persists, will you support USTR taking enforcement action to protect America’s commercial interests in the agreement?

Answer: It is critical that the United States not only negotiate trade agreements that benefit U.S. workers, manufacturers, farmers, ranchers and fishers, but also that we fully enforce

those agreements so that the benefits are realized. USTR has already taken strong action on that score, by initiating two reviews under the new Rapid Response Mechanism for labor violations, requesting a panel proceeding with respect to Canada's compliance with dairy obligations, and engaging with both parties on a range of concerns with their implementation. If confirmed, I will support using all available tools under the agreement to advance U.S. interests.

Senator Young

Question 1

I know the Administration is focused on assessing and mitigating issues with our supply chain, evident by the recent report on supply chain resiliency. The report included a specific section on biopharmaceuticals and called out innovation as a key component in spurring the research and development that was needed for the COVID-19 response. Innovators must have strong intellectual property protections to increase efficiency, maintain quality, and most importantly, save lives. Without these safeguards, research and development will no doubt plummet and hinder advancements needed to reach those in need.

- Do you believe that IP protections are a critical part of creating an environment conducive to innovation?
- If confirmed, how will you ensure that innovators can boost their supply chain resiliency and meet the recommendations set forth in the Administration's supply chain report?

Answer: If confirmed, I would work with Congress to enact the supply chain report's call for increased funding for research and development in a number of priority sectors. The report also highlights how there are strong synergies between domestic manufacturing production and innovation, highlighting the importance of making needed investments in the priority sectors.

Question 2

Recently, the White House announced a new joint initiative with the EU, the Trade and Technology Council (TTC). Among its various goals, ensuring fair competition and establishing global trade standards for emerging technologies are among the issues the TTC will focus on. Yet, the EU has taken several unilateral actions that would significantly impact American companies' ability to compete in Europe; one example is the proposed Digital Markets Act, which would prevent market dominance by forbidding "gatekeeper" companies from undertaking certain actions. If this proposal were to become law in Europe, it is highly anticipated that this would subject major U.S. digital companies to various restrictions.

How do you propose the U.S. should use the new TTC partnership as a strategic transatlantic response towards China's efforts to gain supply chain and technology dominance?

Answer: Working more closely with fellow democracies to confront the economic and technological challenges posed by China is a core part of the Biden Administration's strategic vision. The Trade and Technology Council is intended to help the world's two largest market-based economies strengthen their cooperation on global trade and technology issues, with policies based in shared democratic values. Achieving this vision will require working through a number of difficult issues around data flows and the governance of digital platforms. Yet it is important to remember that a path that results in new forms of cooperation could generate a larger transatlantic market for products and services derived from new technologies that would help both the U.S. and the EU respond more effectively to competition from China.

Question 3

In late May, the Senate voted to include the Trade Act of 2021 to the United States Innovation and Competition Act, which would allow importers to obtain relief from Section 301 tariffs imposed on certain products from China, including renewing and extending expired Section 301 exclusions through December 31, 2022.

If confirmed, will you commit to working with U.S. stakeholders, in coordination with Ambassador Tai, to reform the exclusion process and renew expired Section 301 tariff exclusions with retroactive extension and/or another opportunity for applications?

Answer: The U.S. policy toward China touches many facets of our engagement in international trade, including with respect to the regions – Western Hemisphere, Europe, the Middle East - and topic areas – Labor and Environment, that, if confirmed, would be under my responsibility as Deputy U.S. Trade Representative. In that capacity, I will work to support the efforts of this Administration and the USTR to pursue a China policy that achieves the goals of the Build Back Better agenda and a worker-center trade policy, including with respect to any tariff exclusions.

Question 4

The Administration recently announced suspension of tariffs for five years on a variety of U.S., EU and UK distilled spirits; however, the 25% tariff is still in place on American whiskey. As you know, adverse action on the distilled spirits industry harms job creators and employees in Indiana and many other states. Many of these jobs are located in rural communities in my state, like Borden, Lawrenceburg, and New Albany. With businesses attempting to recover from the pandemic, we should be looking to strategies that minimize harm to industries while seeking to hold countries accountable for unfair actions that hurts American manufacturers.

If confirmed, how will you work to ensure a comprehensive solution that does not continue to harm the distilled spirits industry?

Answer: The tariffs the United States placed on EU and UK distilled spirits were related to bilateral WTO disputes related to Large Civil Aircraft and the countermeasures approved through that mechanism. The United States suspended those tariffs after coming to a framework understanding for addressing concerns in the sector and working cooperatively to counter non-market practices that undermine the industry on both sides of the Atlantic. The tariffs imposed on U.S. whiskey were imposed in response to the tariffs adopted under Section 232 of the Trade Expansion Act of 1962. This Administration has started a dialogue with the EU on the mutual resolution of concerns in this area that addresses steel and aluminum excess capacity and the deployment of effective solutions, including appropriate trade measures, to preserve our critical industries. If confirmed, I will work toward a solution that maximizes the benefit to U.S. industry and minimizes any harm to unrelated sectors.

Senator Sasse

Question 1

Trade Promotion Authority (TPA) expired on July 1st. TPA provides an important framework for the legislative branch and executive branch to work together to effectively negotiate free trade agreements, and other trade agreements.

As DUSTR, will you support TPA renewal?

Answer: USTR's worker-centered trade policy is designed to ensure that our foreign economic policies are responsive to the needs to everyday Americans, whether they work in the manufacturing, retail, agricultural, or services sectors. The goal of this approach is to establish a much broader base of support for trade, which in turn will create a more stable, durable system. It is my hope that this approach would, like USMCA, pass Congress with broad enough support that Trade Promotion Authority would be unnecessary. That said, whether to renew Trade Promotion Authority is within Congress' discretion.

Question 2

The Biden Administration has publicly said that their primary focus will be on a domestic agenda.

- *If confirmed as Deputy United States Trade Representative, how will you outline the U.S. position with our trading partners and your counterparts in the Western Hemisphere, Europe, the Middle East?*

Answer: The Administration is pursuing a worker-centric trade policy. To do that, we must begin with economic security for workers at home. The American Rescue Plan and the American Jobs Plan are designed to do that. The President has been clear that we will not enter new trade agreements until the necessary domestic investments have been made. It is my understanding that USTR is regularly

engaged with our trading partners, and based on readouts of those meetings, our trading partners share our interest in devising trade policies that work for workers. I believe the various mechanisms available for engagement, including existing trade agreements and fora, provide opportunities for us to collectively build a broad base of support for globalization by ensuring that it works for all.

- *Have you thought about your first 100-days at USTR and can you share your views on how you will prioritize issues?*

Answer: If confirmed, my focus in the first 100 days will be on engaging with our trading partners as part of the President's overall message that America is back. The President has emphasized the importance of bringing democracies together to address threats posed by non-market, authoritarian regimes. I intend to work with our allies to develop and execute trade policies that promote shared prosperity and contribute to a sustainable economic recovery. A worker-centric trade policy is essential to building trust in international trade, which is a prerequisite for creating durable policies that promote stability in our relationships with allies.

Senator Barrasso

Question 1

As the global economy begins to recover from the damage inflicted over the past year, many of our competitors are actively pursuing trade agreements to improve market access and secure a competitive advantage in key markets, especially in Asia. The United States, however, is taking a very conservative approach to trade negotiations. I believe this is a mistake and one we should correct quickly.

- *Is it possible for the U.S. government to successfully negotiate free trade agreements without Trade Promotion Authority?*
- *Is there any good reason why the Senate Finance Committee should not prioritize reauthorization of TPA?*
- *Can the United States afford to fall behind our competitors by not securing free trade agreements?*

Answer: The President has made it clear that he will not sign any new trade agreements until the United States makes necessary investments here at home. Building back better will allow us to improve our competitiveness; our very ability to compete is a critical component of not falling behind others, but one that has not gotten sufficient attention in recent decades.

USTR is pursuing a worker-centered trade policy. This policy is designed to ensure that our foreign economic policies are responsive to the needs to everyday Americans, whether they work in the manufacturing, retail, agricultural, or services sectors. The goal of this approach is to establish a much broader base of support for trade, which in turn will create a more stable, durable system. This approach would be premised on the view that, were Congress to vote, the margins in both Houses would be sufficient such that Trade Promotion Authority would be unnecessary. That said, whether to renew Trade Promotion Authority is within Congress' discretion.

Question 2

The current world sugar market has incredible challenges, including trade distorting practices. It is more important than ever that the United States maintain sugar policies that stabilize the economic environment U.S. producers of sugar.

- *If confirmed, and especially in light of the fact there is not yet a USTR Chief Agricultural Negotiator in place, will you work with your counterparts at the U.S. Department of Agriculture to prevent excessive importations of foreign sugar and unnecessary foreign access to domestic sugar markets?*
- *Can you describe, in detail, the decision-making process across USTR and the U.S. Department of Agriculture respect to sugar importation decisions?*

Answer: If confirmed, I commit to working with my counterparts at USDA to maintain the current practices that insure there is not excess imports of sugar into the United States. I will work very closely with my counterparts at USDA through formal interagency-decision-making channels to coordinate on these efforts.

Question 3

Strong intellectual property (IP) protections in the United States are critical for the invention and manufacturing of innovative medicines and medical technologies. It is not a coincidence, therefore, that the United States leads the world both in terms of inventing and manufacturing these products and providing intellectual property protections that incentivize innovation.

The President has called for waiving Intellectual Property Rights (IPRs) for vaccines because of the global health crisis. I strongly disagree.

At the same time, he has made it very clear that this Administration believes the world is facing a "climate crisis." On April 22nd, the President called on countries to "step up" and take further action on climate change in order to "overcome the existential crisis of our time."

- *Do you think the COVID-19 pandemic is a crisis?*

- *Do you agree with the President that because of this crisis vaccine IPRs should be waived?*
- *Do you agree with the President that there is a climate crisis?*
- *Do you think we should waive American Intellectual Property Rights on green technology to combat the climate crisis?*
- *What's the difference?*

Answer: There are crises due to both the COVID-19 pandemic and the alarming and unsustainable rate of climate change. They are separate but sadly and disproportionately impact underserved communities both in the United States and around the world. The President placed addressing these crises, enhancing relationships with our friends and allies around the world, and building a better, more resilient and equitable economy as priorities of the Administration's whole-of-government work. This is the reason why all of these matters were included as core values and goals in the President's 2021 Trade Agenda.

Question 4

U.S. businesses are often at a disadvantage vis-à-vis state-owned enterprises (SOEs) that are not guided by market principles. Such SOEs benefit from environmental, health and labor standards below that of publicly-traded companies. The uranium miners in Wyoming know this only too well, as U.S. mining has come to a standstill at the hands of increased imports from places like Russia, Uzbekistan and other countries where the Chinese have significant mining investments. U.S. trade policy needs a clear strategy for addressing the SOE imbalance.

- *Can you describe in detail how you would approach the challenges facing U.S. companies with respect to SOEs?*
- *Is USTR adequately equipped to address the SOE issue to ensure American workers and businesses have level playing field in the international marketplace? If not, can you explain where you think existing USTR authority falls short in this area?*

Answer: State-owned enterprises, particularly those in nonmarket economies, deny American businesses and their employees a level playing field. If confirmed as Deputy USTR, I commit to fully enforcing U.S. trade laws and agreements to address SOE unfair trade practices. I will also work with our trading partners in bilateral and multilateral settings to coordinate our trade enforcement efforts and negotiate new standards as necessary to discipline SOEs that do not operate according to market consideration.