

**Questions for the Record – House Ways & Means Committee Hearing
2020 Trade Agenda
June 17, 2020**

Rep. A. Drew Ferguson IV, D.M.D.

1. With respect to Patent Linkage - the Chinese have not yet provided administrative or legal details on how they intend to comply with the provisions of Phase 1 agreement, particularly for biologics, that commit them to ensuring that innovative U.S. companies are notified of applications by follow-on or generic companies for regulatory approval, and have the opportunity to protect valid patents before such approval is granted. When do you expect to see such details, and when will you be prepared to take such action if such implementation is not forthcoming?

Answer: Robust protection of intellectual property is critical to incentivizing the development of new and innovative treatments and cures. The Intellectual Property chapter of the Phase One Agreement requires China to establish a mechanism for the early resolution of potential pharmaceutical patent disputes, including a cause of action to allow a patent holder to seek expeditious remedies before the marketing of an allegedly infringing product, so that innovative pharmaceutical companies can effectively enforce their rights. China issued revised draft amendments to its Patent Law on July 3, 2020 that begin to outline this mechanism. USTR is regularly engaging with Chinese counterparts and will take all appropriate steps to ensure full implementation of these obligations. As you know, the Phase One Agreement includes a strong enforcement mechanism, both to encourage China to implement its commitments and to allow us to take action if necessary.

2. Two years ago, the Chinese Government was considering a proposal to extend its period of data protection for biologic products. Despite the fact that the proposal was made public by the Chinese Government and reached the highest levels in China, it was not secured as part of the Phase 1 agreement. Will this be an Administration priority in any Phase 2 negotiations and agreement?

Answer: The Intellectual Property chapter of the Phase One agreement addresses numerous longstanding concerns in the area of pharmaceutical-related intellectual property. During the Phase One Agreement negotiations, the United States and China agreed to address additional intellectual property issues, including with respect to data protection for pharmaceuticals, in future negotiations.

3. Like many of my Republican colleagues, I am concerned the deletion of biopharma IP provisions from USMCA, including data protection for biologic products, may send the wrong message to the Chinese pirate industry and government. Do you think the Chinese government believe the U.S. government is serious about protecting these types of U.S. intellectual property abroad?

Answer: It is clear to China that the United States takes seriously the protection of intellectual property (IP). As you know, under Section 301 of the Trade Act of 1974, USTR is taking action to address a range of unfair and harmful Chinese acts, policies, and practices related to technology transfer, IP, and innovation. In fact, the Special 301 Report conveys our long-standing concerns with respect to pharmaceutical-related IP issues, including regulatory data protection, early resolution of pharmaceutical patent disputes, and acceptance of supplemental data in support of patent applications. We remain deeply concerned that China's laws and regulations relating to pharmaceuticals do not provide effective protection and incentives for the innovative pharmaceutical industry.

4. There are multiple manufacturers in my district that depend on the GSP program for critical components and raw materials. Given the short congressional calendar this year, and therefore limited window to pass legislation before GSP expires, when might we expect the Administration to take a position on reauthorization? I was encouraged by President Trump's positive comments about a trade deal when he traveled to India in February. How long would it take for reinstated benefits to take effect if a U.S.-India trade deal restoring GSP is reached?

Answer: The Administration is still considering options for reauthorization and look forward to working with your Committee in the near future on a potential reauthorization bill.

We remain engaged with India and are currently in active discussions in an attempt to address a broad range of Indian trade barriers. India will need to agree to resolve an adequate package of market access concerns to warrant reinstatement of GSP benefits. If a U.S.-India trade package can be reached that includes restoration of GSP benefits, USTR would then initiate the interagency process necessary to recommend that the President restore India's GSP eligibility.

Rep. Jimmy Gomez

1. ASARCO Mine

The mine workers' strike in Arizona and Texas against ASARCO and Grupo México is now in its 8th month, but I raise the issue here now as USMCA enters into force because I – along with my colleagues – was encouraged by your expression of support for strict enforcement of the new labor mechanism. Grupo México is owned by the second richest man in Mexico, it is the third largest mining company in the United States and it operates in Mexico, among other countries. Grupo México has a documented record of gross violations of workers' basic rights, irrespective of the country in which its workers labor.

The company's flagrant disrespect for labor rights across borders harms the lives and livelihood of American and Mexican workers and undermines the potential gains of the

USMCA. As you may be aware, the National Labor Relations Board filed a complaint (enclosed) against ASARCO on June 15, 2020 alleging the company failed to bargain in good faith. It is precisely the kind of conduct the USMCA labor mechanism was created to confront. I am eager to learn how USTR plans to remedy this situation?

Answer: I would refer you to domestic enforcement agencies regarding the events you describe that occurred within the United States.

2. USTR Office of American Competitiveness and Enterprise

Last July, USTR created a new office called the Office of American Competitiveness and Enterprise or ACE. USTR's FY2021 Budget Submission references the ACE Office as being responsible for "Sectoral Activities" in USTR's Washington office. I've heard that the office's purview includes protecting American jobs, creating a level playing field for workers, and possibly also reshoring manufacturing. Other than that, there are no descriptions of the office on the USTR website. We have very little information about this office, the reason for its creation, or how it is contributing to USTR's work on the trade agenda.

Ambassador Lighthizer, can you tell me:

- What is the ACE Office's mandate? How does it relate to the USMCA?
- Why was the ACE Office established?
- What funds and other resources have been assigned to the ACE Office?
- How many employees work in the ACE Office? How many employees currently work in the ACE Office?
- Who is the head of the ACE Office?
- Who does the ACE Office report to within USTR?
- Did USTR ever discuss the creation of the ACE Office with Congressional Appropriators?

Answer: The Office of American Competitiveness and Enterprise (ACE) was intended to be an inter-disciplinary office that would build on USTR's recent accomplishments in the USMCA and other negotiations to ensure that U.S. trade policy protects American jobs, rewards hard work and innovation, and creates a level playing field for American workers. ACE was to bring together relevant experts from existing USTR offices to carry out the office's and USTR's mission. The office began operations under Ambassador Gerrish.

ACE drew staff from other offices as a resource neutral initiative with no further appropriations requirements. At the time USTR stood up the office, we believed that we would need to do so in an effort to meet some of the goals of USMCA. However, we quickly realized that the functions to be carried out by this new office could in fact be executed by currently existing offices within USTR. Thus, we disestablished ACE and let our existing offices support those functions.

Rep. Brian Higgins

1. Last month, the United Steelworkers (USW) filed a petition alleging dumped and subsidized imports of passenger vehicle and light truck (PVL) tires are entering the United States from Korea, Taiwan, Thailand and Vietnam. Five years ago, I supported a similar trade case on imports of the same tires from China and the case yielded duty determinations on several producers in attempt to resolve the injury to our domestic market. As a result, we have seen production move to other countries that desire a greater share of the U.S market through trade distorting practices. The new case highlights significant tire plant investments by Chinese firms in South Korea, Vietnam, and Thailand, which follows a pattern of foreign investment by Chinese state-owned enterprises into third party countries in order to gain duty free access to the U.S. market.

How is USTR working with foreign countries to prevent Chinese foreign direct investment from targeting the U.S. market?

Answer: The Administration is well aware that China may be seeking to use its investments in third countries as a means to gain unfair access to the U.S. market. The Administration is using every available mechanism to address unfair trade practices emanating from China that distort markets and harm U.S. producers. We are making full and unprecedented use of the tools available under U.S. trade law, including antidumping and countervailing duty actions, to ensure that unfairly traded products, whether exported directly from China or indirectly via third countries, do not harm U.S. workers and manufacturers. We are coordinating with trading partners to monitor and safeguard against evasion and circumvention of U.S. trade actions, including through new provisions on customs cooperation in our trade agreements. We are also working with like-minded partners in multilateral organizations to bring greater transparency and discipline to China's unfair trade practices.

Rep. George Holding

1. Ambassador Lighthizer, in response to a question posed to you during the hearing you stated that you felt "Members made it pretty clear that they were not in favor of long data exclusivity provisions."

While some of my colleagues have made clear they are willing to back away from decades of bipartisan efforts to secure strong intellectual property protections in U.S. trade agreements, I would remind you that I, along with eight of my colleagues on the Ways and Means committee, wrote to you in March urging you to "protect American innovators by negotiating and enforcing high IP standards globally." I am concerned that the lack of consistent and effective protection for regulatory test data allows our leading competitors to free ride on the investment and R&D of U.S. companies. U.S. law reflects an appropriate balance between access to medicines and encouraging innovation. Now more than ever, the contributions of American innovators should be valued and not undermined through rules that allow such free riders to gain an unfair advantage.

Indeed, USTR's 2020 USTR Special 301 report appropriately raises concern about numerous countries including India, Brazil, Russia and China for their "unauthorized disclosure of undisclosed test or other data generated to obtain marketing approval for pharmaceuticals." This protection was traded away to ensure the passage of USMCA, which you conceded was a "step backwards." Ambassador Lighthizer, can you assure this Committee that USTR will include terms to protect regulatory data protection for pharmaceuticals in future trade agreements that are consistent with U.S. law and provide meaningful protection for this important source of American intellectual property?

Answer: We intend to follow the principal negotiating objectives under the Bipartisan Congressional Trade Priorities and Accountability Act of 2015, which calls on USTR to seek standards similar to those found in U.S. law. At the same time, I look forward to engaging with Members of Congress on any particular issues of concern.

2. As you know, many barriers to trade and investment in financial and professional services are regulatory rather than the consequence of 'classic' trade barriers. This is particularly true for services, where tariffs and quotas typically do not apply. For a rapidly evolving and highly regulated industry such as financial services, enhanced regulatory cooperation will be key to redefining the U.S. - UK bilateral relationship and ensuring that U.S. companies of all sizes can compete and win in the UK market. Currently, there is no mechanism for U.S. and U.K. regulators to address market access issues as they arise. How can the administration leverage a US-UK FTA to improve or create a new mechanism for regulatory cooperation to resolve market access issues?

Answer: We are negotiating a comprehensive trade agreement between the United States and the UK, with a significant emphasis on financial services, a sector in which the U.S. and the UK are world leaders. This agreement aims not only to improve our access to the UK market, but also to serve as a model for financial services agreements in the future. To this end, we will build on the innovative achievements of USMCA, such as the important provisions on ensuring data flows for financial services. We are also working closely with regulators and industry to identify new ways to facilitate financial services. In parallel with our work to secure open markets, our colleagues at the Treasury Department are working on enhancing our already close regulator-to-regulator dialogue to improve collaboration as future regulatory issues arise.

3. I think many of us here share the ambition for advancing the relationship with India by resolving serious problems posed by India, including its new digital tax and longstanding intellectual property concerns, in a timely fashion. During President Trump's trip to India in February, both sides issued a joint statement committing to work toward such an agreement. What are reasonable expectations for the bilateral talks with India and what is the likelihood we will see progress before this fall?

Answer: We are in active discussions with the government of India in an attempt to address a broad range of Indian trade barriers. While we have made some progress on key market access concerns, we are still working to achieve a package that is equitable and adequately addresses relevant trade barriers to ensure India meets the GSP market access eligibility criterion. We have also separately launched a Section 301 investigation into India's digital services tax and are relaunching our efforts on intellectual property rights through the Trade Policy Forum's High Level Working Group on Intellectual Property.

4. Ecuador is the ninth largest recipient of trade benefits under the U.S. GSP program. USTR recently accepted for consideration a petition to add spray roses to the list of eligible products. The largest beneficiary of this inclusion would be Ecuador. A condition of GSP benefits is to provide equitable market access for US products. Unfortunately, Ecuador does not provide equitable access for US agriculture, specifically US pork. What is USTR doing to hold Ecuador accountable to remove the multitude of barriers it has in place that prevent our pork exports?

Answer: In 2018, USTR renewed engagement with Ecuador under the Trade Investment Council (TIC), constituting the first engagement in this forum since the TIC was first formed in 2009. Under the TIC, USTR, in close partnership with USDA and industry stakeholders, has convened several meetings of an agricultural working group with counterparts in Ecuador to address the significant imbalance in our bilateral agricultural trade. The working group has realized important successes, including persuading Ecuador to grant five-year tariff exemptions on imports of soybean meal and wheat (which are some of the largest U.S. agricultural exports to Ecuador), implementation of long-unfulfilled agricultural WTO TRQs by Ecuador, and a substantive discussion of the reforms the United States seeks in Ecuador's import licensing system. On this last issue, Ecuador has recently committed to reforming the system to bring it into compliance with relevant WTO obligations in order to increase transparency and facilitate trade. We will continue engaging with Ecuador to realize these important reforms.

5. There are several companies in my District that lost duty-free benefits under the Generalized System of Preferences (GSP) in the past when their imports exceeded competitive need limitations (CNL) thresholds, including products that met the statutory criteria for a de minimis waiver. The GSP statute allows reinstatement of GSP benefits for these products if imports fall below the applicable CNL threshold in the previous year, but many companies have not had these benefits reinstated. For example, USTR declined to review a re-designation petition from Cummins, a company with a plant in my District, as part of the 2019 GSP Annual Review, and USTR declined to review any of the re-designation petitions as part of the 2020 GSP Annual Review process.

Can you provide clarity on these re-designation requests are denied even though the statutory criteria have been met?

Answer: The GSP program provides unilateral trade benefits which we weigh against several factors, including the potential impact of such benefits on American producers and workers and a country's need for the benefit. Under the GSP statute's "Competitive Need Limit" provision, these benefits end when a country's exports of a GSP product rises above a set level (\$190 million in 2020), or exceeds 50 percent of all U.S. imports of the product, and a waiver has not been granted, demonstrating the country's competitiveness in the product. As you note, the statute does allow petitions to redesignate such a product if imports for that product did not exceed the limitations in the previous calendar year. This year, I did not see a sufficiently compelling reason to accept the redesignation petition requests.

Rep. Jason Smith

1. The World Trade Organization (WTO) is in urgent need of reform and modernization. For too long, the WTO has been left stagnant, unable to adapt to the challenges presented by a rapidly changing global economy. As a result, American manufacturing and other critical U.S. industries have suffered the consequences of a body that has time and again, sought to diminish US. sovereignty. I am pleased that you and President Trump have taken on this task and have put forth a vision for a reformed WTO that will better serve the interests of America and our allies. With that in mind, what steps are you and your team taking this year to advance the necessary solutions the WTO system desperately needs?

Answer: We continue to engage extensively with WTO Members to pursue meaningful reform of the WTO. The United States is pleased that Brazil, Costa Rica, Korea, and Singapore have responded to our reform initiatives by agreeing to forego special and differential treatment in future WTO negotiations. We are continuing to work to ensure all countries are contributing to the WTO commensurate with their role in the global economy. The United States is also leading an effort to bring the WTO back to upholding its core principle of market orientation to ensure a level playing field for U.S. workers, farmers, and businesses. We have also advanced work on transparency, ensuring timely notifications that can help get the WTO back to its core function of negotiating new trade rules.

Additionally, we cannot allow overreaching by the Appellate Body to continue to weaken our ability under WTO rules to address the harm to our workers and businesses caused by non-market practices such as China's economic distortions. WTO Members must come to terms with the failings of the Appellate Body and understand the causes if we are to achieve lasting and effective reform of the WTO dispute settlement system. The United States will continue to engage with any WTO Member in order to restore the WTO dispute settlement system to the role given to it by WTO Members and to ensure that dispute settlement supports, rather than weakens, the WTO. The United States led a group of 11 Members to issue a statement calling for transparency in dispute settlement through open meetings and public submissions, and we will continue to work to persuade Members who did not join the statement (such as the EU, China, and India) to support greater transparency.

2. Given the President's May 28 Executive Order on Preventing Online Censorship and his comments calling for reform of the Communications Decency Act Section 230 (CDA 230), how would you characterize your ongoing negotiating objectives as they pertain to CDA 230?

Answer: USTR included the establishment of rules limiting non-IPR civil liability of online platforms for third-party content as one of our digital trade-related negotiating objectives when we issued the U.S.-UK Negotiations Summary of Specific Negotiating Objectives in February 2019. At the same time, those negotiating objectives explicitly referenced the importance of ensuring the Parties' rights to adopt non-discriminatory measures for legitimate public policy objectives that may limit such protection from liability. We recognize that such provisions must provide significant flexibility for the Congress, the Administration, and our negotiating partners to evolve policy and law in response to new challenges.

3. Specifically, will you and your team press to include a CDA 230-like provision in the United States-United Kingdom trade agreement?

Answer: A provision addressing the non-IP civil liability of interactive computer service suppliers can play an important role as part of a broader set of comprehensive, high standard digital trade rules designed to facilitate the continued growth of the U.S. economy and the global digital economy. At the same time, we recognize that such provisions must provide significant flexibility for the Congress, the Administration, and our negotiating partners to evolve policy and law in response to new challenges.

4. Are you and your team pressing to include CDA 230-like language in the United States Kenya trade agreement?

Answer: USTR included the establishment of rules limiting non-IPR civil liability of online platforms for third-party content as one of our digital trade-related negotiating objectives when we issued the U.S.-Kenya Negotiations Summary of Specific Negotiating Objectives in May 2020. At the same time, those negotiating objectives explicitly referenced the importance of ensuring the Parties' rights to adopt non-discriminatory measures for legitimate public policy objectives that may limit such protection from liability. We recognize that such provisions must provide significant flexibility for the Congress, the Administration, and our negotiating partners to evolve policy and law in response to new challenges.

5. Given the President's position on CDA 230 and the feedback you have received from Members of Congress regarding inclusion of similar provisions in previous trade agreements such as USMCA and the United States-Japan Phase One agreement, do you think it is appropriate to include CDA 230-like provisions in negotiation objectives for ongoing trade talks?

Answer: A provision addressing the non-IP civil liability of interactive computer service suppliers can play an important role as part of a broader set of comprehensive, high standard digital trade rules designed to facilitate the continued growth of the U.S. economy and the global digital economy. At the same time, we recognize that such provisions must provide significant flexibility for the Congress, the Administration, and our negotiating partners to evolve policy and law in response to new challenges.

6. I am a strong supporter of the Administration's efforts to ensure that U.S. trade preference programs such as the General System of Preferences (GSP) program are suitably applied in a manner that supports U.S. interests. With that in mind, as you know, the GSP program expires on December 31, 2020. Does the Administration support renewal of GSP before it expires later this year?

Answer: The Administration is still considering options for reauthorization and I look forward to working with your Committee on this issue.

7. Are there reforms to the GSP program that the Administration will pursue prior to a potential reauthorization of the program?

Answer: The Administration still considering options for reauthorization, including potential reforms. I look forward to working with your Committee on a potential reauthorization bill.

8. Speaking before the Senate Finance Committee, you stated that the U.S. is currently negotiating restoring trade preferences for India through the GSP program. Do you have a timeline in mind for reaching an agreement with India for re-instatement?

Answer: We are actively engaging with India to expand access to the Indian market, but the timeline for re-instatement is dependent upon India's willingness to address an adequate number of market access barriers to ensure that it meets the GSP market access eligibility criterion. If a U.S.–India trade package can be reached that includes restoration of GSP benefits, USTR would then initiate the interagency process necessary to recommend that the President restore India's GSP eligibility.

9. I am aware that USTR is currently evaluating petitions to potentially add fresh cut roses to the GSP program. I understand that the domestic floral industry, including a large wholesaler in my district, supports this addition. To what extent does USTR consider the support of domestic industry in having access to a new product from a GSP eligible country when evaluating a petition?

Answer: USTR considers many factors in determining whether to recommend to the President that he add new products to GSP, including the views of domestic industry and any potential negative impact an addition might have on domestic producers of like or directly competitive products.

10. Given your comments on June 17 before the Ways and Means Committee and the Senate Finance Committee regarding Canadian aluminum imports, can you expand on your views regarding the reported surge of imports? If it is your position that a surge has taken place, have you set any deadline by which Canada must act before tariffs are re-imposed?

Answer: The President exempted Canada from the tariffs he imposed under Section 232 on the basis of an agreement that imports of steel and aluminum products from Canada would remain at historical levels. Imports from Canada of certain aluminum products, however, have increased significantly since the President exempted Canada from the Section 232 tariffs. Imports of these products from Canada during this time have exceeded the volume of imports from Canada in the years preceding the President's action under Section 232 and continue to increase. The increase is happening at a time of contracting U.S. demand and decreasing U.S. aluminum production. That said, any determination about whether and when to re-impose the Section 232 tariffs on imports from Canada will be made by the President, consistent with the national security objectives of the tariffs.

11. Based out of Gainesville, Missouri, The Ancient Coin Collector's Guild is an advocacy group representing dealers and collectors of ancient coins. Recently, this organization as well as others involved in advocacy for importers and collectors of cultural goods petitioned USTR asking for assistance with facilitation of the lawful trade in cultural goods between and among the United States, the United Kingdom and the European Union. These groups are advocating for the use of self-certification rather than documentation currently required for imports and exports of certain cultural goods, which can often be burdensome and impossible to procure. What steps has USTR taken to facilitate the trade in cultural goods for these organizations?

Answer: We received comments from the Ancient Coin Collectors Guild in response to USTR's *Federal Register* notice on Negotiating Objectives for a U.S.-European Union Free Trade Agreement. In consultation with U.S. agencies responsible for issues related to cultural goods, we will consider them in the context of such a negotiation.

Rep. Mike Kelly

1. Ambassador Lighthizer, I want to first thank you for all your efforts in advancing the Administration's U.S. trade agenda/in particular USM CA, which goes into effect on July 1st, commend your good work as well as that of your staff.

As you may recall, I have recurrently raised an issue regarding Canada's "cultural exception"

under NAFTA. This carveout has enabled Canada to impose many restrictions on U.S. content providers broadcasting into Canada. As a result, television shopping companies, such as QVC based in my home state of Pennsylvania, have been unable to obtain a license to broadcast into Canada because TV shopping programming is treated in the same manner as cultural, historical, and editorial programming.

In response, you successfully negotiated a provision in USM CA that requires Canada to provide broadcast market access for American TV shopping companies.

While I understand Canada has taken recent steps to implement the text of this new agreement, the implementation apparently has not been completely consistent with the underlying text – namely, QVC is permitted to broadcast into Canada, but if QVC wants to modify its content for Canadian viewers, all of its programming must originate from Canada and must be presented using predominately Canadian creative and other resources. Those requirements are exactly the kind of obstacles that you and I worked so hard to remove during USM CA negotiations.

Therefore, I would greatly appreciate it if you would review this matter to ensure that Canada is properly implementing this key provision consistent with the intent of this hard-fought provision.

I look forward to your timely response.

Answer: USTR has brought this issue regarding implementation of Canada's USMCA home shopping programming commitment to the attention of the relevant officials in Canada. USTR is actively pursuing the complete implementation of the home-shopping programming commitments in USMCA.

Rep. Daniel T. Kildee

1. On June 1, I lead a bipartisan letter to you with members of the Ways and Means Committee in asking for strong provisions that support American agriculture in a future U.S.-UK trade agreement. Will you ensure that the agreement strips away the current protectionist policies governing dairy and other agricultural products, particularly regarding the free use of common food terms subject to the misuse of geographical indications (GIs)? Will you ensure the UK puts in place new requirements that encourage free trade between our countries that allow us to sell our safe and high-quality products?

Answer: The foundation of the U.S.-UK discussions with respect to sanitary and phytosanitary measures (SPS) has focused on the critical importance of countries meeting their WTO commitments to base SPS standards on science and risk assessment, to ensure that safe and high quality food and agricultural products do not face unjustified barriers. The United States continues its intensive engagement in promoting and protecting access to foreign markets for U.S. exporters of agricultural products, including those that are identified by common names. The United States is advancing these objectives through its free trade

agreements, including with the UK, by seeking provisions that ensure trading partners are committed to the principles of procedural fairness and transparency, as well as science and risk assessment, to maintain and promote market access for U.S. producers.

2. Michigan hospitals, first responders, and small businesses continue to pay Most Favored Nation (MFN) tariffs on Personal Protective Equipment (PPE). More than forty other countries have already significantly reduced or eliminated tariffs on PPE. By imposing MFN tariffs on PPE, the Administration is putting America at a strategic and economic disadvantage. While I support using several policy tools, including tariffs, to bring back U.S. manufacturing supply chains, the reality is that we would benefit from immediate temporary MFN tariff relief to help sustain the public health response and safely reopen our economy. Will the administration temporarily eliminate Most Favored Nation tariffs on PPE to support response efforts to the coronavirus pandemic?

Answer: The COVID crisis has magnified the importance of bringing manufacturing back to the United States to ensure we are able to meet the critical needs of our country and our citizens. It has also highlighted the risks we face due to our reliance on foreign supply chains. We need to continue to incentivize U.S. companies to re-shore their operations to move supply chains back to the United States, especially in key sectors, and both Congress and the Administration should use the policy tools they have to do so. For example, the Administration has used the Defense Production Act to great effect to guarantee domestic supply of critical medical devices.

In addition, USTR granted a number of exclusions from the China Section 301 duties covering PPE and medical goods needed to respond to the COVID-19 outbreak. In a Federal Register notice published in March, USTR opened up a comments docket to assist in evaluating whether the COVID-19 pandemic called for possible additional modifications to the China 301 tariff actions. Specifically, USTR requested comments from interested parties with respect to whether a particular product covered by the 301 action is need to respond to the COVID-19 outbreak. USTR is currently reviewing those comments. However, we do not believe that the Section 301 tariffs was the reason for any shortages. We also believe that it is important to incentivize domestic producers of these goods, many of whom have just started production.

3. Approximately half of the world's navy beans are processed in the UK. Michigan is a major producer of navy beans, especially in Michigan's Fifth Congressional District, and our growers have exported their navy beans to the UK. Right now, however, navy bean growers in Michigan are suffering due to retaliatory tariffs placed on them as a result of the 232 steel and aluminum tariffs and have not been able to export to the UK. Will you work to ensure that those tariffs are lifted as part of the future U.S.-UK trade agreement to support Michigan navy bean farmers?

Answer: The President implemented security measures under Section 232 of the Trade Expansion Act of 1962, as amended, after a lengthy and careful investigation by the

Department of Commerce, which concluded that steel and aluminum articles are being imported into the United States in such quantities and under such circumstances as to threaten to impair our national security. The President's action was wholly legitimate and fully justified, both as a matter of U.S. and international law. The UK's retaliatory tariffs, however, are plainly inconsistent with the UK's WTO obligations. The Administration will continue to protect U.S. interests in the face of this unjustified retaliation.

4. For decades, Japan has used a series of non-tariff barriers to block American companies and their products from entering their market, especially autos and auto parts. As you begin discussions of a Phase 2 agreement with Japan, will you ensure that all non-tariff barriers for autos and auto parts are eliminated?

Answer: The Administration is committed to negotiating a comprehensive trade agreement, as outlined in the U.S.-Japan Trade Agreement Negotiating Objectives published in December 2018, which includes pursuing elimination of non-tariff barriers in Japan's autos and auto parts market.

5. I remain concerned that China will not fulfill its purchasing commitments from the Phase 1 China deal, especially for solar-grade polysilicon. In fact, a company in my district needed to eliminate 50 jobs because China is not fulfilling their purchasing commitments. The people working in this industry cannot wait an entire year for action to be taken once China fails to live up to its agreement. Will you act as soon as possible to ensure that China meets its purchasing commitments, especially for solar-grade polysilicon?

Answer: Under the Phase One Agreement, China's commitments to purchase U.S. goods and services are annual commitments for calendar years 2020 and 2021, so we will not be able to assess definitively whether China has fulfilled these commitments for 2020 until the end of this year. At the same time, we have been following China's progress in purchasing U.S. goods and services very closely and have been discussing our concerns with our Chinese counterparts as they arise. On several occasions, those discussions have focused on solar-grade polysilicon, including in my discussions with Vice Premier Liu He. We have made it clear that China needs to find a way to purchase U.S. solar-grade polysilicon in sufficient quantities to satisfy its commitments under the Phase One Agreement.

Rep. Darin LaHood

1. The government of Peru, a free trade partner of the U.S., owes \$1.6 billion to 5.5 million American pensioners. The root of this dispute is a 2014 revaluation of the debt in which the government of Peru wiped out about 99% of the value of these bonds. This came after the government of Peru in 2013 forged a Supreme Court decision to avoid its repayment obligations. Almost 150 bipartisan Representatives, Senators, and Governors have written to your administration asking for help resolving this matter, as there are no other reliable

options for securing a resolution. Can you provide an update on what USTR has done thus far and plans to do to help make sure Peru pays its debts?

Answer: The Trump Administration remains committed to aggressively implementing and enforcing the existing obligations of U.S. trading partners, including those contained in the U.S.–Peru Trade Promotion Agreement (PTPA). This issue is the subject of an ongoing investor-State dispute settlement proceeding under the investment chapter of the PTPA, initiated in 2016 by Gramercy Funds Management and Gramercy Peru Holdings LLC against the Government of Peru. The United States will continue to monitor this case closely as these proceedings advance.

2. In a previous conversation with you in March, I expressed concerns that Mexico seemed to be moving away from a science based regulatory system to one based on the precautionary principle – similar to the EU. This movement seems to be focused particularly on the use of crop protection pesticide products. So far, this has impacted sales of those products by U.S. manufacturers, but it could also potentially impact U.S. farmers if Mexico would take the next steps taken by the EU and begin to reduce MRLs in an effort to block shipments of agricultural commodities. You are aware of the many SPS issues we have faced in agriculture with the EU and the resulting loss of export opportunities for U.S. farmers. Since our discussion in March, I understand that Mexico, especially the head of the Environmental Ministry, Secretary Toledo, has pushed even harder to establish this concept in Mexico and is coordinating with non-governmental organizations. Additionally, many companies are also facing delays in renewals of product registrations in Mexico, which could further impact trade between our two countries. Can you tell me what steps you are taking to engage with Mexico on these issues and ensure they will meet their obligations under USMCA moving forward?

Answer: We continue to engage with Mexican officials at high levels to address these concerns, aiming to resolve these problems for American agriculture. If we are unable to resolve these issues, we are prepared to take enforcement actions to hold Mexico to its obligations under the Agreement, if necessary.

3. Enforcement is a key component of any trade discussion. In particular, I want to focus on the need to enforce trade obligations for America’s highly innovative industries that rely on American intellectual property. We cannot allow the rest of the world to steal or freeride on the inventions of American innovators. How is USTR using its trade enforcement tools to ensure that this doesn’t happen? In particular, how will you work to encourage those countries cited in the 2020 Special 301 report to make the positive changes necessary to be removed from the 2021 list? Lastly, how will you ensure our trading partners are enforcing existing commitments and deter countries from weakening such standards in their own IP regimes?

Answer: USTR will engage with the countries cited in the 2020 Special 301 Report and will use all appropriate trade tools to ensure that they address U.S. intellectual property protection

and enforcement concerns. In particular, the Administration continues to closely monitor developments in, and to engage with, those countries that have been on the Priority Watch List for multiple years. For countries failing to address U.S. concerns, USTR will take appropriate actions, which may include enforcement actions under Section 301 of the Trade Act of 1974 or pursuant to WTO or other trade agreement dispute settlement procedures.

4. As we confront the Covid-19 pandemic and look to many American scientists and researchers in the biopharma sector to develop vaccines and treatments for the pandemic, what steps is USTR taking with our trading partners around the world to ensure that we maintain strong incentives for innovation and strong protections for US intellectual property? And what concrete actions is USTR taking in our FTA negotiations or in current or potential enforcement actions to ensure that US IP is not threatened by foreign compulsory licenses, trade secret theft, patent delays or revocations, counterfeiting, or other anti-IP actions by public or private sector entities overseas?

Answer: Fostering innovation and creativity is essential to U.S. economic growth, competitiveness, and the estimated 45 million American jobs that directly or indirectly rely on IP-intensive industries. To promote innovation, including the research and development of cutting-edge treatments and cures required by the current crisis and in the future, USTR engages with trading partners to ensure that U.S. owners of IP have a full and fair opportunity to use and profit from their IP. In our FTA negotiations, we will follow the objectives set forth by Congress in the Bipartisan Congressional Trade Priorities and Accountability Act of 2015, including seeking a standard of protection similar to that found in U.S. law.

Rep. John Lewis

1. Question #1 on Human Rights:

The *2020 Trade Policy Agenda and the 2019 Annual Report* only mentions human rights within the context of suspending Cameroon from the African Growth and Opportunity Act (AGOA) due to gross violations including “extrajudicial killings, arbitrary and unlawful detention, and torture.” Is there any additional, noteworthy USTR engagement on human rights standards within a trade context that you feel may be important to highlight?

Answer: USTR leads a review each year of sub-Saharan African countries’ performance with respect to the AGOA eligibility criteria, which include a requirement that AGOA beneficiary countries not engage in gross violations of internationally recognized human rights. We use the program proactively to promote good governance and sound policies. In addition to Cameroon, we recently have engaged directly with Mauritania and the Democratic Republic of the Congo on various human rights issues. On June 29, 2020, USTR issued the latest biennial report on the operation of the AGOA program, which includes detailed descriptions of countries’ compliance with the eligibility criteria. The report is on the USTR website and we can provide your office a hard copy.

2. Questions #2 on Western Hemisphere Trade Agenda and Marginalized Communities:

USTR previously highlighted the information provided from the State Department to support hemispheric monitoring and engagement on hemispheric labor and trade matters. Please provide specific, unclassified examples of how USTR incorporated the Department of State's Race, Ethnic, and Social Inclusion Unit (RESIU) findings and recommendations in 2019 to reiterate and advance concerns regarding the socio-economic and human rights conditions of marginalized communities through bilateral and multilateral engagements, including the United States-Brazil Commission on Economic and Trade Relations.

Answer: USTR works closely with the U.S. Departments of Labor and State, as well as other agencies, to monitor labor practices in trade partner countries. The Department of State's RESIU unit provides information that supports USTR monitoring and engagement activities, in coordination with its Bureau of Democracy, Human Rights and Labor. We consult regularly with the Department of State and other agencies as we seek to enhance the work of the United States-Brazil Commission on Economic and Trade Relations.

In addition, USTR is a member of both the Forced Labor Enforcement Task Force and the DHS Forced Labor Interagency Working Group, and collaborates with Customs and Border Protection (CBP) on CBP's enforcement of the forced labor import prohibition in Section 307 of the Tariff Act of 1930. On September 30, 2019, CBP issued a Withhold Release Order detaining at the border shipments of bone black from Brazil, based on information that CBP reasonably found to indicate that such products were produced by forced labor.

3. Question #3 on African Integration and the Proposed Trade Agreement with Kenya:

Given the United States' support of the intention of the African Continental Free Trade Area (AfCFTA), please explain how USTR will ensure that the proposed bilateral free trade agreement with Kenya will complement and not complicate Africa's regional integration efforts.

Answer: The United States enthusiastically supports Africa's regional integration efforts, including under the African Continental Free Trade Area (AfCFTA). We have pledged our support to help the AfCFTA reach its full potential, including through targeted technical assistance and trade capacity building. We share with the African Union a common goal to increase trade and investment between the United States and Africa. We believe that a U.S.-Kenya FTA and future U.S. trade agreements on the continent can be crafted to complement and contribute to Africa's regional integration objectives under the AfCFTA.

4. Question #4 on the USMCA Standard:

In addition to the priorities and objectives in Section 102 of Public Law 114-26, the Trade Priorities and Accountability Act, will USTR incorporate the spirit and standards of the

renegotiated North American Free Trade Agreement (USMCA) into bilateral and multilateral trade agreements that are currently under consideration?

Answer: As the highest standard free trade agreement the United States has negotiated, the USMCA will certainly serve as a template for other agreements. Of course, at USTR we always look to refine and improve on what previously has been achieved.

5. Question #5 on Global Alliance for Trade Facilitation:

Please provide an overview of the United States; 2019 participation and role in the Global Alliance for Trade Facilitation (Alliance) and explain USTR's interpretation of the Alliance's plan for "commercially meaningful reforms."

Answer: The Global Alliance for Trade Facilitation ("Alliance") is a public-private partnership which also includes the participation of five other donors (Australia, Canada, Denmark, Germany, and the United Kingdom) and businesses such as Abbott Labs, Cisco, FedEx, UPS, and Walmart. The Secretariat of the Alliance is led by the World Economic Forum and includes the participation of the International Chamber of Commerce and the Center for International Private Enterprise. The core mission of the Alliance is to support implementation of the World Trade Organization's Trade Facilitation Agreement (TFA). Unlike other donor supported efforts focusing on trade facilitation reforms, the Alliance, from the outset, has emphasized the importance of the private sector's involvement in the implementation process so that its business expertise and day-to-day familiarity with the challenges of moving goods across borders can be harnessed toward implementation of the TFA's provisions. The Alliance's programming is aimed at identifying and addressing these real world on-the-ground barriers with a view to ensuring that reforms deliver real world "commercially meaningful" benefits to traders, not just reforms on the books.

Rep. Kenny Marchant

1. I would like to begin by acknowledging the efforts of the Administration to curb the spread of COVID-19. Ambassador Lighthizer, I especially appreciate your work in securing vital materials needed to protect medical professionals and help treat those impacted by this virus. Quick coordination with foreign governments during a pandemic is a difficult task, especially when worldwide demand skyrockets for critical items.

The COVID-19 pandemic has highlighted the need for our country to reassess its supply chains and reevaluate how it will handle emergencies in the future. Personal protective equipment (PPE) is the clearest example of a manufactured good that we needed in vast quantities, yet struggled to obtain in the absence of steady suppliers. As essential workers rendered their services on the front lines, PPE supplies were quickly diminished and in need of replacement. Avoiding shortages of key goods like PPE will be a crucial component of our strategy against future health risks. We also need to expand this line of thinking across multiple industries, including, but not limited to, electronics, textiles, manufacturing, and

pharmaceuticals.

Mr. Ambassador, as you noted earlier, we cannot rely on trade agreements alone to provide us with essential goods during emergencies, especially when those trade partner nations also need them to protect their own people. With these thoughts in mind, I have a few questions:

- What are the Administration's priorities when it comes to restructuring our nation's supply chains, and what steps are being taken to meet those goals?
- What do you see as the largest barriers to ensuring the stability of various supply chains to our country?
- How do you see this pandemic impacting future negotiations with strong manufacturing countries, such as China?
- What can the Ways and Means Committee do to help protect against vulnerabilities in our supply chains?

Answer: The COVID crisis has magnified the importance of bringing manufacturing back to the United States to ensure we are able to meet the critical needs of our country and our citizens. It has also highlighted the risks we face due to our reliance on foreign supply chains. We need to continue to incentivize U.S. companies to re-shore their operations to move supply chains back to the United States, especially in key sectors, and both Congress and the Administration should use the policy tools they have to do so. For example, the Administration has used the Defense Production Act to great effect to guarantee domestic supply of critical medical devices.

2. Several of my colleagues on this Committee and I are members of the House Services Caucus, a bipartisan group that focuses on the critical role that the service industry plays in our economy. The service industry is becoming increasingly digitally-enabled, creating high-paying U.S. jobs, economic growth, and trade and investment opportunities, as well as increasing our global competitiveness. As the largest and most competitive exporter of services, the United States has run a surplus in this sector for decades.

At the same time, our service industry faces enormous difficulty operating in other markets due to protectionist policies, such as data localization, foreign equity caps, strict market entry laws, and other hurdles to investment. These barriers to trade are barriers to U.S. economic growth. It is well-documented that when U.S. companies expand abroad, there tends to be a corresponding expansion of jobs at home. In other words, more trade abroad creates more jobs at home.

To ensure that the service industry, as well as other industries, have these opportunities for expansion, can you elaborate on the Administration's plans to pursue policies that remove barriers for service jobs abroad? Could you also expand upon the Administration's strategies to further enhance U.S. competitiveness, growth, and service job creation?

Answer: USTR is dedicated to ensuring that the United States remains the world leader in services. The United States is the world's largest services trading country, accounting for 15 percent of global exports, more than double the share of the next largest single-country exporter. In 2019, U.S. services exports were \$845 billion, one-third of all U.S. exports, and exceeding services imports by \$250 billion. Growth in U.S. services sectors powers growth throughout the whole economy, and we continue to work on lowering barriers that U.S. service suppliers face in foreign markets. We are therefore pursuing high standard services and digital trade commitments in our FTA negotiations with the UK and Kenya and continuing to advocate high standard services and digital trade rules in the WTO and other forums. We also continue to advocate for U.S. interests and consider the range of trade tools available whenever a trading partner seeks to introduce new barriers, such as digital tax regimes that target world-class U.S. service suppliers.

Rep. Gwen Moore

1. What role do you think companies should play in eradicating forced labor from their supply chains? Would you support a process of accountability that would mandate all companies that sell or supply goods or services to US consumers to exercise forced labor due diligence or be subject to potential financial penalties as well as a reporting requirement on large companies? Why or why not?

Answer: I believe that companies play a crucial role in ensuring that their supply chains are free from forced labor and other trade distorting practices. USTR officials have had numerous discussions with business representatives seeking to understand how they can best address such practices. USTR is also a member of both the Forced Labor Enforcement Task Force and the DHS Forced Labor Interagency Working Group and collaborates with Customs and Border Protection (CBP) on its enforcement of the forced labor import prohibition in Section 307 of the Tariff Act of 1930. Since passage of the Trade Facilitation and Trade Enforcement Act of 2015, CBP has issued sixteen Withhold Release Orders to detain at the U.S. border shipments that they reasonably believe have been produced by forced labor. USTR will continue to partner with CBP and other relevant agencies to support the enforcement of applicable U.S. trade laws at the company and facility level.

2. You mentioned that you think that any US-Kenya FTA should include transition period protections to mitigate any potential harms to Kenya's economy from comprehensively opening to the United States. What are lessons we can learn and draw on from other FTA with developing countries to help ensure the liberalized trade rules bring forth the benefits that can flow from trade to both parties and to mitigate the harms?

Answer: Our analysis of other U.S. FTAs with developing countries shows in almost every case a marked increase in both foreign direct investment and exports to the United States upon entry into force of the agreement (in addition to an increase in U.S. exports to those countries). Meanwhile, those FTAs provided transition periods for the removal of protection

for a range of sensitive sectors. Thus, USTR has long experience with taking other countries sensitivities into account during FTA negotiations.

3. The success of AGOA powerfully demonstrates the link between open trade and economic development. But we need to do more to help African countries make the most of the opportunities under AGOA. I am interested in hearing from you how we can help you better take advantage of AGOA. Currently, 75% of U.S. imports under AGOA originate from only five countries. But oil accounts for most of this trade. While 80% of non-oil AGOA imports are from just three countries, South Africa was the largest non-oil AGOA beneficiary. I want to make sure more African goods can compete in the global marketplace. While AGOA has made palpable achievements, I know that it is not the permanent solution to meeting the challenges of sustained economic development. While per capita income in sub-Saharan Africa has grown since AGOA was implemented in 2001, nearly half the population in sub-Saharan Africa still lives in poverty today. I'm committed to using trade policies to help end global poverty and am interested in hearing from you on ways to do so.

Answer: We share your analysis that, while AGOA has been beneficial, it has not been as transformative as we hoped, and the gains have not been evenly shared. Compared to U.S. trade with other parts of the world, our imports under AGOA are relatively small. In the strategic apparel sector, for example, total AGOA apparel exports have held around \$1 billion per year for the past 15 years. This is a small fraction of the United States' annual global clothing imports, which totaled \$87 billion in 2019. These facts suggest that while trade preferences can be beneficial, they have limitations.

We believe that some African countries, such as Kenya, are now ready for a higher level of economic engagement with the United States. Given that AGOA is set to expire in 2025, we are preparing for a future that reflects the economic and commercial opportunities our modern comprehensive trade agreements can help support—opportunities that unilateral trade preferences like AGOA simply cannot. Our vision is to negotiate a free trade agreement with Kenya that can serve as a model for additional accords on the continent, adjusted as appropriate to reflect country-specific circumstances of those future African partners. These agreements will help create an enabling environment, boost competitiveness, and drive the sort of investment that African countries seek.

Rep. Stephanie Murphy

1. What is your plan to continue progress with Japan on Phase 2? Do you plan to continue moving talks forward in the virtual setting with Japan, understanding that concluding talks could require in-person negotiations? Given the importance of a comprehensive agreement with Japan for all sectors of our economy—especially in light of the President's decision to withdraw from the Trans-Pacific Partnership—do you anticipate these talks can be concluded before the expiration of Trade Promotion Authority next year?

Answer: Our negotiations with Japan have been delayed due to the coronavirus pandemic, but I expect to start phase-two negotiations with Japan in the next few months, using virtual

or in-person formats as appropriate. The Administration is committed to negotiating a comprehensive trade agreement, as outlined in the U.S.-Japan Trade Agreement Negotiating Objectives published in December 2018. I cannot predict when the negotiations will conclude at this time.

2. What is USTR doing to promote stronger IP and exclusivity protections and enforcement in foreign markets, especially in markets that have not historically taken a strong stand against internal IP theft and infringement on legally protected exclusivity?

Answer: A top trade priority for the Administration is to use all possible sources of leverage to encourage other countries to open their markets to U.S. exports of goods and services and to provide adequate and effective protection and enforcement of intellectual property (IP) rights. Toward this end, a key objective of the Administration's trade policy is ensuring that U.S. owners of IP have a full and fair opportunity to use and profit from their IP around the globe. USTR will use all appropriate trade tools to ensure that our trading partners are meeting their existing IP commitments. More generally, USTR is committed to holding foreign countries accountable and exposing laws, practices, and other measures that fail to provide adequate and effective IP protection and enforcement for U.S. inventors, creators, brands, manufacturers, and service providers.

3. Do you support eliminating tariffs on PPE and will you commit to working with Congress to ensure our hospitals, first responders, and small businesses see relief?

Answer: In February and March, USTR granted a number of exclusions covering PPE and medical goods needed to respond to the COVID-19 outbreak. In a Federal Register notice published in March, USTR opened up a comments docket to assist in evaluating whether the COVID-19 pandemic called for possible additional modifications to the China 301 tariff actions. Specifically, USTR requested comments from interested parties with respect to whether a particular product covered by the 301 action is needed to respond to the COVID-19 outbreak. USTR is currently reviewing those comments. However, we do not believe that the Section 301 tariffs was the reason for any shortages. We also believe that it is important to incentivize domestic producers of these goods, many of whom have just started production.

4. This spring, a regulator in Mexico abruptly reversed a two-decade old interpretation of a policy relied upon by U.S. payTV companies in Mexico. Additionally, a proposal to impose a quota for online video providers has been introduced in Mexico's legislation, even though this would be a clear violation of USMCA. Will you commit to working to ensure that Mexico reverses this discriminatory change to its ad minutes policy?

Answer: We are actively working to ensure that Mexico does not change its long-standing approach to the relevant advertising requirements. We continue to press Mexico to live up to its trade obligations.

5. As trade volumes have normalized and as the supply reacts to market forces, how is USTR engaging with U.S. aluminum industry stakeholders—and particularly those involved in manufacturing aluminum products like sheet, foil and extrusions—to understand the dynamics of the Section 232 remedy and this important exemption?

Answer: The President exempted Canada from the tariffs he imposed under Section 232 on the basis of a clear understanding that imports of steel and aluminum from Canada would remain at historical levels. The Administration is closely monitoring imports from Canada and is assessing these data in the context of broader developments in the U.S. market, including demand contractions resulting from the COVID-19 pandemic. Input USTR receives from stakeholders, including representatives of manufacturers of aluminum products, informs our assessment of these issues.

6. Digital taxes in Europe are a concern. How are you building on the Section 301 investigation of the EU and using US-EU trade negotiations to address the market barriers related to digital sovereignty?

Answer: In addition to the recent launch of additional Section 301 investigations into digital services taxes (DST), which include the EU and four EU Member States (Austria, Czech Republic, Italy, and Spain), we are actively monitoring and engaging with the EU and all EU Member States to address concerns about policies that may discriminate against or disadvantage U.S. companies, particularly with regards to digital services. We are also staying in close contact with U.S. stakeholders to ensure that we understand how their interests may be impacted by any EU policy or legislation that may develop in pursuit of “digital sovereignty.” The Administration is committed to ensuring that U.S. digital companies are treated fairly around the world.

7. The European Commission President’s call for “digital sovereignty” sounds very similar to China’s agenda on “cyber sovereignty.” What actions can the U.S. government take to avoid further EU divergence in terms of our approach to China, and ensure that the U.S. and EU are cooperating to challenge China’s surveillance regime and promote open digital regulatory standards?

Answer: We have serious concerns with many EU digital policies, including with respect to the vague and unhelpful concept of “digital sovereignty,” but we also have areas of commonality with the EU, including with respect to many problematic policies being pursued by China. For example, we are working with the EU in connection with the WTO Joint Statement Initiative on Electronic Commerce to determine if we can find a common approach for trade rules, including for cross-border data flows and data localization issues. The United States and the EU also both engage in various WTO councils and committees to raise common concerns about Chinese policies and practices, including in regard to China’s implementation of its 2017 Cybersecurity Law.

Rep. Jimmy Panetta

1. UK and SPS Issues

The second round of negotiations closed last week with the United Kingdom. You have previously stated that sanitary-phytosanitary (SPS) and biotechnology would be difficult issues, although the UK is seeking to differentiate itself from the EU on issues such as SPS. Can you tell us what progress is being made on ensuring that food safety standards are science based?

Answer: Despite the UK's stated intention to maintain a national regulatory system independent from the European Union, agriculture-related regulatory issues remain sensitive for the UK. We will continue to press the UK to adopt a system that bases SPS standards on science and risk assessment and not to adopt protectionist measures that would serve only to stifle the opportunity for safe U.S. foods to be sold to UK consumers.

2. Japan Phase Two - General

Negotiations with Japan on Phase Two of our agreement were slated to begin May 1, but that has not happened. The Administration has begun a habit of dividing trade negotiations into phases, but that doesn't work if we never move on to the second phase. When does this Administration plan to begin Phase II negotiations with Japan?

Answer: Our negotiations with Japan have been delayed due to the coronavirus pandemic, but I expect to start phase-two negotiations with Japan in the next few months. The Administration is committed to negotiating a comprehensive trade agreement, as outlined in the U.S.-Japan Trade Agreement Negotiating Objectives published in December 2018.

3. Japan Phase Two - Agriculture

I know I've harped on this issue before, but lettuce producers in my district still face non-tariff barriers in Japan, and have given up trying to access the market. For a phase two agreement to be truly valuable to specialty crop farmers, the agreement must include significant SPS reforms and commitments from Japan - beyond even what was previously written into the Trans-Pacific Partnership. Will USTR press for significant SPS reforms and commitments from Japan in these negotiations? Where do negotiations currently stand on this topic?

Answer: Our negotiations with Japan have been delayed due to the coronavirus pandemic, but I expect to start phase-two negotiations with Japan in the next few months. The Administration is committed to negotiating a comprehensive trade agreement, as outlined in

the U.S.-Japan Trade Agreement Negotiating Objectives published in December 2018, which includes securing strong provisions on SPS.

4. China - SPS

I was pleased that in the China Phase I agreement, the deal laid out specific SPS benchmarks, procedures and timelines. Can you provide a general update on how these are progressing, especially for berries and specialty crops?

Answer: We continue to monitor China's progress in meeting its SPS commitments under the Phase One Agreement. In the agreement, China recognized the importance of ensuring that SPS measures are science-based, non-discriminatory, and account for regional differences in sanitary and phytosanitary characteristics, and agreed not to apply SPS measures in a manner that would constitute a disguised restriction on international trade. Regarding specialty crops, China committed in the Phase One Agreement to sign and implement phytosanitary protocols to allow the importation of U.S. fresh potatoes for processing, blueberries, California nectarines, and California Hass avocados in addition to alfalfa pellets, almond meal pellets, and timothy hay.

5. China - Agriculture Tariffs

While the SPS improvements in the China Phase One deal were helpful, in order for specialty crops to truly see the benefits, tariff reduction needs to be included. For example, blueberries will not be exporting much to the market, despite market access, due to high tariffs. Is the Administration pushing for tariff relief for specialty crops such as blueberries?

Answer: China currently maintains an MFN tariff of 30%, a Section 232 retaliatory tariff of 15%, and a Section 301 retaliatory tariff of 30% on imports of fresh U.S. blueberries. As of March 2, 2020, China established a tariff exclusion process that allows importers to apply for exclusions from the Section 301 retaliatory tariffs on U.S. goods, including fresh blueberries. China's commitments to purchase U.S. food and agricultural products are annual commitments for calendar years 2020 and 2021, so we will not be able to assess definitively whether China has fulfilled these commitments for 2020 until the end of this year. At the same time, we have been following China's progress in purchasing U.S. food and agricultural products very closely and have been discussing our concerns with our Chinese counterparts as they arise. We have made it clear that China needs to find a way to satisfy all of its purchase commitments under the Phase One Agreement.

6. China - Agriculture Purchases

China has been struggling with its commitments to buy American crops, and what they have bought has been mostly row crops or meat. Is China going to be buying any specialty crops? How much of these purchases will be represented by specialty crops?

Answer: The Phase One Agreement entered into force on February 14, 2020. Shortly thereafter, on March 2, China began implementing a tariff exclusion process for U.S. goods subject to China's Section 301 retaliatory tariffs. Since then, we have seen China increase its purchases of food and agricultural products, including specialty crops. China's commitments to purchase U.S. food and agricultural products are annual commitments for calendar years 2020 and 2021, so we will not be able to assess definitively whether China has fulfilled these commitments for 2020 until the end of this year. At the same time, we have been following China's progress in purchasing U.S. food and agricultural products very closely and have been discussing our concerns with our Chinese counterparts as they arise. We have made it clear that China needs to find a way to satisfy all of its purchase commitments under the Phase One Agreement.

7. China - Hong Kong

China's undemocratic "national security law" goes into effect today, which curtails the free speech and civil rights of the citizens of Hong Kong, and effectively ends the city's autonomy. Does USTR plan to raise or address these issues in the context of Phase II negotiations with China?

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What impact will these actions have with on our trade relationships with China and Hong Kong, especially in light of the President's May 30th remarks directing the Administration "to begin the process of eliminating policy exemptions that give Hong Kong different and special treatment?"

Answer: The Administration is taking steps in response to China's actions in Hong Kong, including by eliminating policy exemptions that give Hong Kong different and special treatment. I would also make two observations on U.S.-Hong Kong trade relations. First, Hong Kong was the 15th-largest U.S. goods export market in 2019, and the United States ran the largest goods trade surplus with Hong Kong of any trading partner in that year, which was close to \$30 billion. Second, Hong Kong does not impose any import duties on U.S. products, and the United States imposes the same rate of Most Favored Nation duties on imports of products of Hong Kong and China.

8. Geographic Indicators for Wine

One of the critical exports for my district, and California as a whole, is wine. Consumers around the world recognize the excellent wines produced along the Central Coast of California, in regions such as Monterey and Santa Lucia Highlands in my district. These terms are restricted in the U.S. through the Department of Treasury's Tax and Trade Bureau (TTB), but internationally, there is not a system in place to protect these terms--it has to be done on a case-by-case, country-by-country basis. Is USTR taking any action to help build out the system to protect regional wine terms, as envisioned in the TRIPS agreement, in order to protect wine terms in our trade agreements?

Answer: USTR continues to engage in discussions at the Council for Trade-Related Aspects of Intellectual Property Rights (TRIPS Council) Special Session, which held two informal consultations in 2019 to exchange views regarding the negotiations on the establishment of a multilateral system of notification and registration of geographical indications for wines and spirits.

9. Services

Our agricultural exports are supported by a strong services sector, of which the U.S. is a leader. What is this USTR's plan to ensure secure high-standard services trade and investment rules and market access commitments in our trade agreements, and to continue the U.S.'s leadership in services?

Answer: The United States is indeed a world leader in services. The United States is the world's largest services trading country, accounting for 15 percent of global exports, more than double the share of the next largest single-country exporter. In 2019, U.S. services exports were \$845 billion, one-third of all U.S. exports, and exceeding services imports by \$250 billion. Growth in U.S. services sectors powers growth throughout the whole economy, and we continue to work on lowering barriers that U.S. service suppliers face in foreign markets. We are therefore pursuing high standard services and digital trade commitments in our FTA negotiations with the U.K. and Kenya and continuing to advocate high standard services and digital trade rules in the WTO and other forums. We also continue to advocate for U.S. interests and consider the range of trade tools available whenever a trading partner seeks to introduce new barriers, such as digital tax regimes that target world-class U.S. service suppliers.

10. USMCA Environment Implementation - Personnel

Under H.R. 5430, USTR was directed to hire environment attaches to be based in Mexico City and additional personnel at USTR to focus on USMCA environment obligations implementation and enforcement. I understand that USTR has begun that process. Can you provide an update on the hiring and placement of the attaches and additional environment-focused personnel at USTR?

Further, under H.R. 5430, USTR was directed to work with many U.S. agencies on USMCA implementation and enforcement. Can you provide an update as to how USTR has been engaging other agencies, including EPA, Fish and Wildlife, NOAA, and State, to prioritize the work of the detailees and other environment trade enforcement activities?

Answer: USTR has worked closely with the U.S. Environmental Protection Agency, the Department of Interior's Fish and Wildlife Service, and the National Oceanic and Atmospheric Administration to identify one expert from each agency to be detailed to USTR and subsequently placed in the U.S. Embassy in Mexico City, Mexico. Two of the attachés

have begun onboarding with USTR and the third is in process. USTR also created a Senior Trade Representative position in Mexico City, with the representative's primary role to coordinate and enhance the work of the labor and environment attachés in Mexico City, and more generally to ensure robust monitoring and enforcement of the USMCA. USTR and the relevant agencies are endeavoring to relocate these officials to Mexico City as soon as possible. Placement in Mexico has been delayed due to the pandemic, however work by the attachés will begin in the interim.

USTR's Office of Environment and Natural Resources has three additional staff to support the work of the Interagency Environment Committee and USTR's enhanced USMCA monitoring and enforcement efforts. USTR's Office of General Counsel has assigned two attorneys to work specifically on USMCA Environment and is actively soliciting applications specifically for new environment trade attorney positions.

USTR continues to work with the IEC agencies, including CBP, EPA, NOAA, FWS, and DOJ, to identify opportunities to enhance monitoring and enforcement of USMCA environment obligations, such as increased staffing or improved technology to better target shipments of illegally harvested flora and fauna between the United States, Mexico, and Canada.

11. USMCA Environment Implementation - Interagency Committee Initial Assessment

The Interagency Committee on the Environment, established by H.R. 5430, submitted their initial assessment of Canadian and Mexican environmental laws and enforcement to Congress in May. The report determined that Mexico and Canada's laws and policies are sufficient to implement its USMCA environmental obligations. The Committee highlighted very few areas of concern between such laws and policies and Mexico and Canada's USMCA environmental obligations, including Mexico's enforcement of its own environmental laws. Highlighting few concerns came as a surprise as many additional areas of environmental harm have been well documented by the U.S. government for some time, such as in NOAA's 2019 Improving International Fisheries Management Report to Congress.

Does the Interagency Committee on the Environment have additional areas of concern with respect to Mexico or Canada meeting their USMCA environmental obligations or ability to enforce their own environmental laws? What is the Interagency Committee on the Environment's roadmap to engaging with Canada and Mexico on environment concerns for the foreseeable future?

Answer: USTR will continue to closely monitor the issues identified in the Environment Assessment Report, as well as work with stakeholders and Interagency Environment Committee members, and through public submissions to identify additional areas of concern.

12. USMCA Environment Funding

H.R. 5430 authorized additional funding for environmental implementation, monitoring, enforcement and programs. Specifically, the legislation provided:

- \$300 million EPA grants under the Border Water Infrastructure Program to address pollution on the U.S.- Mexico border;
- \$40 million for the Trade Enforcement Trust Fund to be used for environment-focused enforcement efforts;
- \$8 million for NOAA to address marine debris in North American waters;
- \$8 million for NOAA to combat illegal, unreported, and unregulated fishing and enhance the implementation of the Seafood Import Monitoring Program; and
- \$8 million for U.S. Department of Agriculture - APHIS and U.S. Fish and Wildlife Services to implement the Lacey Act.

Please explain, in as much detail as possible, how USTR and the other environment related agencies that USTR works with as part of the Interagency Committee on the Environment plans to spend the money.

Answer: USTR, as chair of the Interagency Environment Committee (IEC), has facilitated sharing information among IEC members regarding agency supplemental funding plans, with the objective of avoiding duplication and maximizing effectiveness. Discussion of supplemental funding is a standing agenda item for IEC meetings. Each respective agency will identify needs and opportunities to maximize the impacts of the funds to enhance monitoring and enforcement efforts.

USTR is actively discussing with CBP, FWS, USFS, and others areas where the Trade Enforcement Trust Fund could be used to enhance monitoring and enforcement of USMCA environment obligations. As a specific example, USTR is working with CBP to support expanding capacity in all three countries to better target and enforce customs violations and advance data analysis capabilities.

Rep. Bill Pascrell, Jr.

1. The multi-phased agreements negotiated with Japan and China skirted Congressional consultation. And we've yet to see any hint of Phase 2 for either country. This sentiment was echoed in a letter I led signed by 23 of my colleagues after the Japan agreement. There are reports of mini deals with countries Brazil and the United Kingdom. Ambassador Lighthizer, you told me in March that you are under "no obligation" to tell us what you are considering with the authorities we've delegated. But Article 1, Section 8 of the Constitution put the Congress in charge. And Section 141 of the 1974 Trade Act states you must report to Congress on trade negotiations.
- Please explain why USTR chose a phased approach for past agreements under this administration.

- Please confirm whether USTR intends to replicate that approach with any of our other trading partners.
- Will the administration bring all trade agreements regardless of size and scope to Congress for approval?

Answer: This Administration is committed to achieving results in trade negotiations that benefit all Americans. The Phase One agreement with China, and the early achievements of negotiations reflected in two agreements with Japan, move us towards a more balanced trade relationship with two of our largest trading partners, create significant market opportunities for U.S. exporters, and, in the case of China, address unfair trade practices that have harmed the United States for decades. This Administration will seek to build on those accomplishments as it pursues further negotiations with both China and Japan.

The Administration remains committed to engaging with these and other trading partners to advance U.S. priorities any way we can. This engagement includes negotiating comprehensive trade agreements, consistent with statutory negotiating objectives, like those we are pursuing with the UK and Kenya. However, negotiating comprehensive free trade agreements is a complex and time consuming process. Our workers, farmers, ranchers, and manufacturers face trade problems every day and USTR's mission is to seek to resolve those problems as effectively and efficiently as possible, consistent with our authorities and statutory obligations.

2. Please outline USTR's plan to ensure negotiations with the United Kingdom will yield an agreement that will benefit American workers, the environment and businesses. Specifically, I want to know how USTR will protect areas in which the United States is the global leader.
 - Will USTR compromise on or seek strong intellectual property standards in an agreement with the UK that can benefit our biopharmaceutical companies?

Answer: Ensuring strong intellectual property protection and enforcement by our trading partners is a top trade priority. We intend to follow the principal negotiating objectives under the Bipartisan Congressional Trade Priorities and Accountability Act of 2015, which calls on USTR to seek standards similar to those found in U.S. law. At the same time, I look forward to engaging with Members on any particular issues of concern.

3. Robust trade enforcement is needed to ensure our trade agreements are worth more than the words on a page. However, many countries are not living up to their end of the bargain. This hurts American workers and businesses. You have previously noted that America's highly innovative industries that rely on American intellectual property are America's crown jewels. We cannot allow the rest of the world to steal or freeride on the hard work and inventions of American workers.

- How will USTR use its trade enforcement tools to ensure that this doesn't happen?

Answer: A top trade priority for the Administration is to use all possible sources of leverage to encourage other countries to open their markets to U.S. exports of goods and services and to provide adequate and effective protection and enforcement of intellectual property (IP) rights. Toward this end, a key objective of the Administration's trade policy is ensuring that U.S. owners of IP have a full and fair opportunity to use and profit from their IP around the globe. USTR will use all appropriate trade tools to ensure that our trading partners are meeting their existing intellectual property commitments. More generally, USTR is committed to holding foreign countries accountable and exposing the laws, practices, and other measures that fail to provide adequate and effective IP protection and enforcement for U.S. inventors, creators, brands, manufacturers, and service providers.

- How will USTR hold the countries cited in the 2020 Special 301 Report accountable to ensure they change course to potentially be removed from the 2021 list?

Answer: USTR will engage with the countries cited in the 2020 Special 301 Report and will use all appropriate trade tools to ensure that they address U.S. intellectual property protection and enforcement concerns. In particular, the Administration continues to closely monitor developments in, and to engage with, those countries that have been on the Priority Watch List for multiple years. For countries failing to address U.S. concerns, USTR will take appropriate actions, which may include enforcement actions under Section 301 of the Trade Act of 1974 or pursuant to World Trade Organization or other trade agreement dispute settlement procedures.

4. Ambassador Lighthizer, your recent Foreign Affairs op-ed highlights that unfair labor practices lead to trade deficits. To address this, you say that the United States should change the rules of trade. I would like to know how exactly we should change the rules.

- Allegations of forced labor have been raised by many reputable sources including the Congressional-Executive Commission on China and Australian Strategic Policy Institute. Please detail how USTR is addressing allegations of forced labor in China.
- How many times did you raise the issue of forced labor during the phase one trade negotiations with China?
- Please explain if you will raise the issue of forced labor privately and publicly with China during future negotiations.
- As a member of the Forced Labor Enforcement Task Force (FLETF), what is USTR and the FLETF force doing to prevent products connected to forced labor from being imported? What plans do the FLETF have to prevent products connected to forced labor from being imported?

Answer: I take seriously the United States’ commitments to address forced labor under U.S. law. USTR officials have had numerous discussions with U.S. businesses regarding forced labor in China. USTR also participates in a number of intra-governmental initiatives that work to address forced labor in China and is part of the U.S. government’s whole-of-government enforcement work in this area. USTR is a member of both the Forced Labor Enforcement Task Force and the DHS Forced Labor Interagency Working Group and collaborates with Customs and Border Protection (CBP) on its enforcement of the forced labor import prohibition in Section 307 of the Tariff Act of 1930. Since passage of the Trade Facilitation and Trade Enforcement Act of 2015, CBP has issued eight Withhold Release Orders addressing goods made with forced labor in China. USTR also participates in a White House task force to monitor the situation of forced labor in the Xinjiang Province of China. The Administration has announced a number of actions in response to the abuses in Xinjiang, including Department of State visa restrictions on Chinese government officials and Department of Commerce entity listings.

5. As we enter into enforcement of the renegotiated NAFTA, Mexico must live up to its commitments to respect fundamental workers’ rights. Thank you for agreeing that the arrest and detention of Susana Prieto, a worker’s rights advocate on trumped-up charges of inciting riots was a “bad indicator.” I am encouraged that you are very seriously looking into this case.
 - Will you raise the issue of this bad indicator with your counterparts in Mexico?
 - You said that USTR is working closely with the embassy. Will you encourage your colleagues across the administration to raise this issue with their counterparts in Mexico?

Answer: USTR has worked closely with Department of State staff in the U.S. Embassy in Mexico City and the U.S. Consulate in Matamoros to monitor Ms. Prieto’s case. Throughout, we have emphasized to the Mexican government the importance respect for due process. In that regard, I note that the Mexican Secretariat of Labor and National Human Rights Commission issued statements directed to the Matamoros government to respect Ms. Prieto’s constitutional and due process rights. We are continuing to follow the situation closely together with the Departments of State and Labor and other members of the USMCA Interagency Labor Committee.

6. A 30-year-old student and call center worker for Grupo Salinas in Mexico died from COVID-19 in April. I understand workers were forced to work at close proximity (approximately 50 centimeters apart) for roughly a dollar per hour. I understand a recording of a company meeting has been released in which a manager of the company’s payroll and payments division told workers not to criticize the company because it could harm the payment of wages. After call centers were ordered to close, the company brought workers back. A video recording was released of workers being brought in through a basement entrance. I understand the worker who filmed and released this incident was fired. These are

a clear infringement on workers' safety and rights to organize democratically, as the Labor Annex of the renegotiated NAFTA is designed to protect.

- What is USTR doing to raise the concerns highlighted above with officials in Mexico?
- How can we trust Mexico will live up to its reforms after the agreement goes into force?

Answer: USTR staff will continue to engage with Mexican labor officials to address labor issues and concerns that arise. As I stated during my testimony, USTR will not hesitate to use the USMCA rapid response and state-to-state enforcement mechanisms when appropriate.

7. In your recent New York Times and Foreign Affairs articles, you explore the need to bring manufacturing back to America because companies avoid our labor and environment standards by manufacturing abroad. You even claim more jobs will be created than the independent, nonpartisan U.S. International Trade Commission because of provisions in the renegotiated NAFTA. But this problem has in fact only gotten worse. For instance, United Technologies recently closed a plant in Chula Vista at the same time it promoted a plant in Mexico that produced similar items. I wouldn't want you to fall victim to being a Cassandra, please:

- Cite specific examples of companies moving their supply chains, labor and manufacturing operations back to the United States as a result of the renegotiated NAFTA.
- Detail the total number of jobs that have come back to the United States.
- Share your office's complete methodology for establishing your estimates.

Answer: Promoting manufacturing in the United States and North America, particularly in the automotive sector, is a key objective of the USMCA. The new rules create strong incentives for domestic production by raising the regional value content for passenger vehicles and light trucks to 75%, requiring that 40% of content be made using high-wage labor (at least \$16 per hour), and mandating specific purchasing requirements for North American steel and aluminum parts. This combination of requirements clearly favors the higher-wage labor of U.S. manufacturing and helps ensure that future jobs are not moved abroad simply to take advantage of lower cost labor. Additional information about projected investments, estimated job gains and methodology can be found here:

<https://ustr.gov/sites/default/files/files/Press/Releases/USTR%20USMCA%20Autos%20White%20Paper.pdf>

8. I am encouraged that your Foreign Affairs op-ed highlighted that protection contracts are poised to be a thing of the past, basic union democracy will be respected, and independent labor courts are poised to be stood up. However, we have seen little progress with the

implementation of the renegotiated NAFTA. The process for overturning an illegitimate collective bargaining contract allows incumbent protection unions to exert undue influence. The protocol does not provide protections that a notary is independent of the incumbent protection union. Finally, there is no mechanism for workers to request the assistance of the labor authorities in cases of illegal coercion or other irregularities. Of the 162 contract legitimization votes, zero resulted in the defeat of an existing protection contract. And several have been marred by allegations of employer interference and misrepresentation.

- What is USTR doing to press the Mexican government for reforms that cannot be manipulated?
- You noted the company, or the union can ask for a vote on a contract. However, the problem is that these actors have been in bed with each other and have a history of pre-cooking outcomes against labor. Will you advocate for workers to be able to initiate the contract verification process or a labor inspector to supervise verifications?
- Once the renegotiated NAFTA goes into effect, what can be done to help workers initiate the contract verification process and guarantee an independent labor inspector supervises verifications?
- Please explain what USTR is doing before and after entry into force to allow workers covered by CBA and the STPS to initiate the contract verification process, verifications be supervised by a labor inspector, and workers receive a clearly written notification of the process?
- Please explain what USTR is doing before and after entry into force to raise the issue of setting out a timetable for contract verifications in priority export sectors, including a minimum number of votes that must occur each year prior to 2023 with Mexico.
- Please explain what USTR is before and after entry into force to raise the issues of procedural transparency so that the initial request for a legitimization vote and the date, time and location of the vote is publicly available on the internet with Mexico.
- Is there a hotline or other complaint mechanism available for workers to report irregularities?
- How many times has the Interagency Environment Committee (IEC) met? Please explain what plans USTR and the IEC must monitor and enforce environmental obligations in the renegotiated NAFTA.
- What environmental enforcement cases are under consideration to be taken when the renegotiated NAFTA goes into force?
- Will the IEC hear from non-governmental stakeholders about environmental concerns with respect to Mexico and Canada?

Answer: USTR officials have been in contact with Mexican labor officials about the Collective Bargaining Agreement (CBA) legitimation process and report the following information related to the concerns that you raise.

In terms of initiating the contract verification process, Mexico's landmark legislation from May 2019 requires that all existing CBAs be subject to a vote by workers no later than May 1, 2023, and the USMCA locks in this commitment. If no vote is held in the next three years, a CBA would be considered terminated, and a new union could organize the workplace without impediment. Additionally, the USMCA enshrines workers' right to challenge incumbent unions in a free and fair process. Even in cases where the incumbent union and the employer do not agree to a vote prior to May 1, 2023, workers could force a vote in the interim to replace the existing union with one that would seek to renegotiate the CBA. The USMCA's innovative Rapid Response Labor Mechanism gives the United States the tools necessary to ensure that votes on CBAs and on union representation are free and fair.

As you know, during the negotiations, USTR worked closely with members of Congress to negotiate for an aggressive date by which all existing CBAs in Mexico will need to be voted on. Less than three years remain before the deadline—which is quite close to what labor stakeholders asked for during the negotiations and more ambitious than Mexico had proposed. Further, the Mexican Labor Ministry (STPS) has committed to undertaking a campaign to encourage unions to hold votes well in advance of the deadline. In addition, we are working with Mexico to ensure there are sufficient resources and safeguards to verify these votes in case a large number occur close to the deadline.

Pertaining to labor inspector presence at CBA votes, Mexican officials have reported that STPS inspectors have witnessed every CBA verification vote to date, and plan to continue this practice. The new Federal Center for Union Registration and Conciliation will take over these responsibilities beginning in October 2020. STPS is serving as a caretaker during the transition to the new system of the independent Federal Center and labor courts and has begun a process to hire and train officials who will become employees of the Federal Center. The law also states that workers retain the benefits of any CBA that is rejected in a vote, and I will instruct my staff to work with Mexico to ensure that workers are aware of this important legal protection.

Regarding your concerns on transparency, STPS has created a public website for unions to notify their intention to hold a CBA verification vote and publish the results. It is our understanding that, under STPS guidelines, all of the votes in the past year have been registered on this site. Additionally, under the May 2019 labor reform and the STPS guidelines, the employer must provide all covered workers with a printed copy of the CBA at least three days before the vote. The STPS public website documents whether workers reported that they received a printed copy of the CBA. These responsibilities will also transfer to the new independent Federal Center in October 2020.

STPS officials report they have a general hotline for complaints and that issues related to CBA votes are directed to the STPS office in charge of this process. Beginning in October 2020, STPS will begin turning over these responsibilities to the new independent Federal

Center and the new labor courts. The United States has also established the web-based hotline provided for in section 717 of the USMCA Implementation Act.

With respect to environment, the IEC has met three times since it was established on February 28, 2020. The sub-IEC has met eight times and has organized issue-specific working groups to address areas of interest and maximize coordination of interagency expertise on fisheries, forests, trade-related environmental law enforcement, and other key topics.

USTR will continue to closely monitor the issues identified in the Environment Assessment Report, as well as work with stakeholders and IEC Members, and through public submissions to identify additional areas of concern.

USTR has established an email address on the USTR website to receive public comments (USMCAenvironment@USTR.eop.gov). All public comments will be shared with the IEC for review and, if appropriate further action.

9. The COVID-19 pandemic has had a negative impact on the hospitality, food, and wine and spirit industries. For months, restaurants, cafes, taverns, bars and other retail locations have been forced to shutter or drastically reduce operations due to closure orders and social distancing policies. This has resulted in hundreds of thousands of establishments shutting their doors and millions of hardworking Americans out of work. The losses being experienced in these industries are further complicated by tariffs on imports of food and beverages from the European Union (EU). Negotiations with the EU for a resolution to the WTO Large Civil Aircraft case (DS316) since additional duties were imposed in October 2019 have not yet compelled the EU to stop subsidizing new aircrafts. A delay in a resolution has hurt many Americans, especially workers and small business owners. Additionally, I am concerned about grocery food inflation that has hit a 50-year high in April 2020, jumping five percent from a year ago (See <https://www.foodnavigator-usa.com/Article/2020/05/13/April-2020-food-at-home-index-posted-largest-monthly-increase-since-February-1974> and <https://www.bls.gov/news.release/pdf/cpi.pdf>).
 - With the new carousel coming up in August, is USTR considering a new approach that would remove pressure placed on the hospitality, food, and beverage industries and increase pressure on Airbus and the EU? If not, can you please explain how the current strategy is working?
 - As you prepare the August carousel, can you commit to removing products such as olive oil, olives, pork, fruits, and other food and beverage products like wine and spirits from the EU tariff list? If not, what assurances can you provide to Americans involved in these industries facing the daunting task of reopening that relief will come?

Answer: Determining an appropriate action under Section 301 involves a balance between the most effective action to obtain the elimination of the unfair act, policy, or practice, and minimizing any adverse effects on the U.S. economy, including small and medium size

businesses and consumers. To assist in achieving the appropriate balance, USTR conducts a notice and comment process on possible trade actions and considers all public input. Regarding further review of the LCA action, USTR has established a process where interested persons can submit comments on the action, and comments are currently being accepted through July 26. Among other matters, USTR specifically invited comments regarding potential disproportionate economic harm to U.S. interests. USTR will carefully consider public comments concerning potential effects on the U.S. economy when considering any modification of the LCA action.

10. Preventing the enactment of discriminatory digital services taxes (DSTs) is important. However, I am concerned that if the U.S. withdraws from the Organization for Economic Cooperation and Development (OECD) deliberations on crafting an equitable regime for taxing multinationals, the United States may end up in a worse spot than our country is already.

- Please detail USTR's plan to ensure that multiple DSTs won't get enacted while the administration is choosing to sit on the sidelines?
- How will this plan ensure domestic businesses not involved in digital services are not harmed?

Answer: USTR is conducting investigations under Section 301 of the Trade Act of 1974 of multiple countries that have adopted or are actively engaged in the adoption of a digital services tax (DST). We are also actively engaged with other countries that are considering the adoption of a DST. We will use every tool available to us to ensure that other countries do not impose taxation on U.S. companies that unfairly targets U.S. companies.

11. In many ways, European countries' DSTs are just the tip of the iceberg when it comes to the EU's digital barriers. After billions in discriminatory taxes and fines on U.S. companies, we are now seeing an aggressive anti-U.S. agenda promoting "digital sovereignty." Current efforts that are part of the EU's digital sovereignty agenda include the Digital Services Act, AI regulations, and the EU Data Strategy. As with DSTs, these proposals appear to be designed to target U.S. companies and could restructure European markets to make it harder for American companies to compete.

- What efforts is USTR taking in response to the new wave of digital sovereignty and protectionism in Europe?

Answer: We have serious concerns with many EU digital policies, including with respect to the vague concept of "digital sovereignty." We are monitoring developments in this space very carefully and are seeking opportunities to engage with the European Union to address our concerns. We are also staying in close contact with U.S. stakeholders to ensure that we understand how their interests may be impacted by any EU policy or legislation that may develop in pursuit of "digital sovereignty." The Administration is committed to ensuring that U.S. digital companies are treated fairly around the world.

12. The GSP program has a long history of bipartisan, bicameral support in Congress. Past lapses in GSP benefits have had negative impact to companies and workers in New Jersey and my Congressional District. An official position from the Administration on renewal of GSP authorization before it expires at the end of this year could help a bi-partisan reauthorization.

- When will the administration release an official position on GSP authorization?

Answer: The Administration is still considering options for reauthorization and I look forward to working with your Committee in the near future on a potential reauthorization bill.

Rep. Bradley S. Schneider

1. The U.S. nitrogen fertilizer industry has been expanding its manufacturing footprint in the United States in recent years, which in turn supports our farmers' crop nutrient needs and brings economic benefits to Illinois and many other states. The industry's significant growth has also enabled it to develop important export markets in the EU. Unfortunately, the EU continues to impose a duty of 6.5% on most U.S. nitrogen fertilizers while the U.S. has allowed duty-free entry of European fertilizers since 1922. As such, I ask whether you plan to add nitrogen fertilizers to the list of EU imports to be subject to retaliatory duties in connection with the U.S.-EU Large Civil Aircraft WTO dispute?

Answer: Determining an appropriate action under Section 301 involves a balance between the most effective action to obtain the elimination of the unfair act, policy, or practice, and minimizing any adverse effects on the U.S. economy, including small and medium size businesses and consumers. To assist in achieving the appropriate balance, USTR conducts a notice and comment process on possible trade actions and modifications of actions and carefully considers all public input. USTR is currently conducting a review of the LCA action, and interested persons can submit comments through July 26. USTR will carefully consider public comments and any input from Congress in deciding on possible modifications of the LCA action.

2. The Government of Peru, a free trade partner of the United States, owes over 20 Illinois pension funds \$138 million. These pension funds provide for the safe and secure retirement for more than 300,000 workers throughout my home state. I have previously written to the Trump Administration urging engagement on this matter to secure a resolution. I am now asking you what you have done or plan to do to ensure a quick resolution of this matter with one of our free trade partners?

Answer: The Trump Administration remains committed to aggressively implementing and enforcing the existing obligations of U.S. trading partners, including those contained in the U.S.-Peru Trade Promotion Agreement (PTPA). This issue is the subject of an ongoing

investor-State dispute settlement proceeding under the investment chapter of the PTPA, initiated in 2016 by Gramercy Funds Management and Gramercy Peru Holdings LLC against the Government of Peru. The United States will continue to monitor this case closely as these proceedings advance.

Rep. David Schweikert

1. Seasonal growing and cross border trade in fresh produce are extremely important for Arizona's economy, as well as the larger U.S. economy. I was pleased to see that the United States-Mexico-Canada Agreement (USMCA) did not impose any additional trade remedies regarding cross border trade in seasonal fresh produce. As you know, the Congressional delegation from Arizona has sent multiple letters in opposition to seasonality remedies, and we remain committed to working with USTR to maintain the uninhibited supply of fresh produce that Americans have grown to enjoy and depend on, especially in this trying time for every American household. I believe that we both can agree that increasing the price of fruits and vegetables, and restricting supply, would compound on the economic hardship that many families face today. Can you confirm that once USMCA enters into force, USTR will take no additional action to implement tariffs or quotas on imported fresh produce from Mexico or Canada?

Answer: In early March, USTR published a Federal Register notice soliciting public comments on this important issue from all interested parties. We continue to thoroughly assess and consider this issue to identify any potential trade distorting policies that may be contributing to unfair pricing and harm to U.S. seasonal and perishable producers. As noted in my testimony, we still intend to release a plan in the coming months explaining steps that will be taken to support U.S. producers affected by issue.

2. Thank you for your quick response to the COVID-19 emergency, including your action to temporarily exclude a number of Personal Protective Equipment (PPE) products from Section 301 tariffs. As you know, these products are essential for the sustained US public health response, as well as the safe re-opening of the US economy. While this was a positive step, hospitals, U.S. businesses, and citizens who need PPE to care for patients, to operate, and to live safely are still paying high costs for these products. For example, there is still a 7 percent Most Favored Nation (MFN) tariff rate applied to medical and non-medical masks. More than forty countries, including some of our closest trading partners, have taken steps to eliminate tariffs on PPE. This is putting the US at a strategic and competitive disadvantage, while our first responders are paying the costs. Temporarily removing tariffs on a targeted group of PPE will level the playing field and reduce costs needed to sustain the emergency response and stockpile PPE for the future. Do you support interim tariff relief on PPE while we encourage supply chains to shift back to our shores?

Answer: As you noted, in February and March, USTR granted a number of exclusions covering PPE and medical goods needed to respond to the COVID-19 outbreak. In a Federal Register notice published in March, USTR opened up a comments docket to assist in

evaluating whether, the COVID-19 pandemic called for possible additional modifications to the China 301 tariff actions. Specifically, USTR requested comments from interested parties with respect to whether a particular product covered by the 301 action is needed to respond to the COVID-19 outbreak. USTR is currently reviewing those comments. However, we do not believe that the Section 301 tariff was the reason for any shortages. We also believe that it is important to incentivize domestic producers of these goods, many of whom have just started production.

3. Taiwan, a key democratic ally in East Asia, has long been a friend of the United States. Recently, Taiwan Semiconductors Manufacturing Company announced a \$12 billion investment building a chip factory in my state of Arizona. As stated in USTR's 2020 Policy Agenda document, a key forum for addressing bilateral U.S.-Taiwan relations is through the United States -Taiwan Trade and Investment Framework Agreement (TIFA). The last formal meeting was held in 2016, and while there have been lower level follow up meetings, the rise of a belligerent China has made working towards solutions to bilateral issues more pressing. Do you commit to holding a formal TIFA round or other senior-level engagement with Taiwan under the auspices of the American Institute in Taiwan and the Taipei Economic and Cultural Representative Office in the United States, in order to further strengthen our bilateral relationship?

Answer: We are fully committed to strengthening U.S. economic and trade ties with Taiwan, and we continue to engage with the Taiwan authorities on bilateral trade and investment issues at all levels. In recent years, senior level USTR officials have met with visiting Taiwan officials in Washington, and the Assistant U.S. Trade Representative for China Affairs has twice led interagency delegations to Taiwan to follow up on bilateral trade and investment issues arising out of the TIFA meeting held in October 2016. USTR remains committed to the TIFA process and will schedule the next TIFA meeting at the appropriate time.

4. Regarding the Section 301 Exclusion Process, will USTR consider aligning the expiration dates for product exclusions granted under each List, or across Lists, to make tracking them easier for businesses who are struggling right now? In addition, will USTR commit to granting exclusion extensions through the pandemic without requiring companies to navigate the sometimes-challenging exclusion process? And if not, why?

Answer: Prior to a group of exclusions expiring, USTR has issued Federal Register Notices asking the public to comment on whether to extend these particular exclusions for up to one year. Currently, USTR has several extension dockets open covering multiple tranches of exclusions from multiple lists. To simplify the process for extensions, for recent tranches of extensions, the expiration dates of the extensions have been aligned, with all extensions granted to December 31, 2020.

5. While Kenya has taken steps to improve its business environment in recent years, it still maintains many restrictions on foreign investors, including foreign equity limitations, local content requirements, and limitations on the ownership and control of land. In addition to these issues, corruption continues to be an issue in Kenya's local courts. According to your agency's 2020 National Trade Estimate, "bribes, extortion, and political considerations continue to influence outcomes in court cases." In light of these issues, strong investor protections and a strong ISDS mechanism to enforce them are needed to address investors' concerns in Kenya. Can you commit to pursuing strong investor protections, including ISDS for all sectors, in a US-Kenya FTA?

Answer: The Administration is seeking a high-standard and comprehensive U.S.-Kenya FTA, including a high-standard investment chapter. To this end, the Administration will seek to secure for U.S. investors in Kenya important rights consistent with U.S. legal principles and practice and the highest international standards of investment protection, such as those reflected in the U.S.-Mexico-Canada Agreement. We will also seek to reduce or eliminate barriers to U.S. investment in Kenya, such as equity and land ownership limitations and local content requirements. Furthermore, we will seek mechanisms to ensure that Kenya lives up to its commitments. The Administration is still considering its approach to specific enforcement mechanisms for the U.S.-Kenya investment chapter, including the appropriateness of investor-State dispute settlement.

Rep. Thomas R. Suozzi

1. In April 2019, your office initiated a Section 301 investigation to enforce U.S. rights in the World Trade Organization dispute against the EU and certain EU Member States related to subsidies on large civil aircraft. As part of this action, your office announced tariffs on certain products from the EU, including 25 percent tariffs on wine from France, Spain, Germany, and the United Kingdom. Your office is also regularly reviewing these tariffs and has contemplated tariffs as high as 100 percent on wine from France, Spain, Germany, and the United Kingdom, as well as from places such as Italy and Portugal.

In a separate action earlier this month, your office launched another Section 301 investigation with respect to Digital Services Taxes adopted or under consideration by Austria, Brazil, the Czech Republic, the European Union, India, Indonesia, Italy, Spain, Turkey, and the United Kingdom. This investigation could presumably lead to the consideration of yet further tariffs on European wines.

We recognize and support USTR's goal of enforcing the United States' rights at the World Trade Organization. At the same time, we urge you to consider the negative impact tariffs on European goods have had and will continue to have on U.S. small businesses and jobs, particularly in the wine industry.

Wine imports and related supply chains support millions of American jobs and touch millions of American consumers. Bartenders, restaurant servers, retail associates, hospitality managers, port workers, warehouse workers, delivery drivers, marketing professionals,

compliance experts, importers, and many others rely on the wine industry for their family's income and livelihood. In New York alone, approximately 140,000 people depend on the production, distribution, and sale of wine and spirits products for their livelihood. As you know, the COVID-19 pandemic has devastated many of these jobs.

We encourage you to reach a suitable negotiated settlement with the EU to resolve this longstanding WTO dispute and to avoid further disruption to U.S. businesses and workers during the COVID-19 crisis.

Ambassador Lighthizer, the coronavirus pandemic has wreaked havoc across the United States. The National Restaurant Association indicates that the restaurant industry has lost \$120 billion in sales during the last three months, and losses could reach as high as \$240 billion by the end of the year. Wine and spirit sales provide on average 25% of a typical restaurant's income, and estimates indicate wine distributor sales have collapsed 50-60% due to restaurant closures. As part of your review of tariffs in the large civil aircraft dispute, will your office consider the potentially catastrophic circumstances facing the food and wine industry today, the impact that tariffs have on sales, and the industry's capacity to rebuild following these extraordinary events?

Answer: Determining an appropriate action under Section 301 involves a balance between the most effective action to obtain the elimination of the unfair act, policy, or practice, and minimizing any adverse effects on the U.S. economy. To assist in achieving the appropriate balance, USTR conducts a notice and comment process on possible trade actions and carefully considers all public input. Regarding further review of the action, USTR has established a process where interested persons can submit comments on the action, and comments are currently being accepted through July 26. Among other matters, USTR specifically invited comments regarding potential disproportionate economic harm to U.S. interests. USTR will continue to consider public comments concerning potential effects on the U.S. economy when considering any further action to take in the investigation.

2. Because of the three-tier system regulating the sale of alcohol in the United States, the Section 301 tariffs on imported wines from Europe do more financial harm to US businesses than to those in the EU. When you factor in restaurant sales, estimates indicate up to 85% of the dollars from the sales of these wines stay with US businesses. Are you concerned that tariffs on EU wines may actually cause more harm domestically than on their intended target because they are particularly taxing to mom-and-pop restaurants and small wholesalers and importers, at a time when the hospitality industry is being devastated by the effects of the COVID-19 pandemic?

Answer: As explained in response to the prior question, USTR specifically invited comments regarding potential disproportionate economic harm to U.S. interests and will carefully consider public comments concerning potential effects on the U.S. economy when considering any possible modification of the action in the investigation.

3. To what extent does USTR consider downstream American jobs when deciding which tariffs to impose following Section 301 investigations? For example, did USTR consider the impact additional tariffs on European wine would have on distributors or the restaurant industry? Does USTR consider information beyond what is submitted through the public comment process?

Answer: As explained above, USTR specifically invited comments regarding potential disproportionate economic harm to U.S. interests. These would include downstream distributors and sellers.

Rep. Jackie Walorski

1. Proposed Administration Modifications to GSP

Ambassador Lighthizer, I appreciate your response to my question about reauthorizing the Generalized System of Preferences (GSP). In my view, GSP is a mutually beneficial program. It helps our manufacturers and consumers, it supports developing countries that meet the eligibility criteria, and it provides you with tools - carrots - to push countries to comply with their trade obligations. You mentioned in your response that you would like to see changes to the program. Do you have a list of changes you would like to see? If not, when can we expect to see a list of changes the administration would like to see considered as Congress works to reauthorize GSP before it expires at the end of this year?

Answer: The Administration still considering options for reauthorization and I look forward to working with your Committee on a potential reauthorization bill.

2. Update on India Negotiations and GSP Status

Could you please provide an update on the status of the India negotiation and any specifics around the sticking points? How do you envision a trade package deal requiring India to step back from the many protectionist policies they have in place and are considering? Would a successful agreement result in India's GSP benefits being restored?

Answer: I have recently been in contact with Minister Goyal, and USTR staff is working closely with their Indian counterparts on a potential trade package that would expand market access, including reduction of tariffs on key U.S. agricultural and industrial exports, and ensure progress in other areas, such as intellectual property protection and digital trade. India's ability to adequately address trade barriers as well as provide equitable and reasonable access to its markets, which is a necessary condition for the reinstatement of its GSP beneficiary status, is a key focus of these discussions. If a U.S. – India trade package can be reached that includes restoration of GSP benefits, USTR would then initiate the interagency process necessary to recommend that the President restore India's GSP eligibility.

3. Position on Additional Duty Deferral

The temporary duty deferral program announced in April provided some companies the ability to defer some duty and fee payments associated with imports made during March and April. But more needs to be done. The President's May 19, 2020 Executive Order gave agencies such as CBP and Treasury the ability to "address this economic emergency by rescinding, modifying, waiving, or providing exemptions from regulations and other requirements that may inhibit economic recovery." Expanding and modifying the duty deferral program is one such way to bolster economic recovery. Duties will eventually be paid as the program merely extends the deadlines by when these duties are due. Ambassador Lighthizer, will the Administration support additional duty deferral to provide companies with needed liquidity?

Answer: The Administration believes the limited duty deferment announced on April 22, 2020 strikes the right balance between ameliorating financial hardships to U.S. companies resulting from the pandemic and protecting both current U.S. production of medical supplies and the development of new production capacity. Key to striking this balance is ensuring appropriate limitations on the deferment, such as making sure it is of short duration, is offered only to those businesses that can demonstrate financial hardship, and does not interfere with ongoing trade remedies, other trade actions, and national security measures. The Administration must ensure efforts to fight the economic effects of the COVID-19 pandemic do not create unintended harms for U.S. manufacturers or discourage the production of personal protection equipment and other needed medical supplies in the United States.

4. USTR Engagement with Aluminum Stakeholders

A few weeks ago, we marked the one-year anniversary of the agreements to reinstate Section 232 tariff exemptions for Canada and Mexico - and USM CA enters into force on July 1. As trade volumes have normalized and as the supply reacts to market forces, is USTR engaging with U.S. aluminum industry stakeholders - particularly those manufacturing aluminum products like sheet, foil and extrusions - to understand the dynamics of the Section 232 remedy and this important exemption?

Answer: The President exempted Canada from the tariffs he imposed under Section 232 on the basis of an agreement that imports of steel and aluminum products from Canada would remain at historical levels. The Administration is closely monitoring imports from Canada and is assessing these data in the context of broader developments in the U.S. market, including demand contractions resulting from the COVID-19 pandemic. Input USTR receives from stakeholders, including representatives of manufacturers of aluminum products, informs our assessment of these issues.

5. USTR Engagement with Automakers on Canadian Aluminum

USMCA creates new preferences for aluminum and steel produced in the United States or Canada, with new requirements and incentives for automakers and parts manufacturers to source aluminum and steel within North America. Is USTR considering the difficulty automakers would face if tariffs are reimposed on Canadian aluminum?

Answer: The President imposed tariffs on steel and aluminum imports under Section 232 because he determined that steel and aluminum articles are being imported into the United States in such quantities and under such circumstances as to threaten to impair the national security of the United States. The provisions in USMCA that seek to incentivize use of North American steel and aluminum are consistent with and supportive of the objective of the Section 232 tariffs. I do not believe that any steps the President may take to ensure the continued integrity of the national security measures he has imposed under Section 232 would hinder the ability of automobile manufactures to comply with USMCA requirements.

6. Intellectual Property in Ongoing and Upcoming Negotiations

You and your team are certainly busy and ambitious working on so many trade deals, including with the UK, Japan, India, and Brazil. I can appreciate the challenges that you face, but we can't afford to cut corners, especially when it comes to strong intellectual property rules and other pro-innovation obligations. Our innovative sectors need IP rules for a level playing field and to be competitive. Will the intellectual property provisions, particularly as they pertain to pharmaceuticals, agriculture, and entertainment, that you intend to negotiate with the UK, Japan, India, and Brazil have obligations stronger than USMCA as appropriate?

Answer: Ensuring strong intellectual property protection and enforcement by our trading partners is a top trade priority. We intend to follow the principal negotiating objectives under Bipartisan Congressional Trade Priorities and Accountability Act of 2015, which calls on USTR to seek standards similar to those found in U.S law. We look forward to engaging with Members and interested stakeholders on your ideas and concerns.

7. Plan for Intellectual Property Enforcement

In March, I joined eight fellow Ways and Means Committee members in asking you to "protect American innovators by negotiating and enforcing high intellectual property standards globally. Strong, certain, and predictable IP rights have made the United States home to the world's leading innovators across all sectors." Enforcement of pharmaceutical and agricultural patents, music and movie copyrights, and product trademarks is a no-cost job creator and needs to be part of our economic recovery plan. What steps can USTR take to increase IP enforcement in the coming months?

Answer: A top trade priority for the Administration is to use all possible sources of leverage to encourage other countries to open their markets to U.S. exports of goods and services and to provide adequate and effective protection and enforcement of intellectual property (IP)

rights. Toward this end, a key objective of the Administration's trade policy is ensuring that U.S. owners of IP have a full and fair opportunity to use and profit from their IP around the globe. USTR will use all appropriate trade tools to ensure that our trading partners are meeting their existing intellectual property commitments. More generally, USTR is committed to holding foreign countries accountable and exposing the laws, practices, and other measures that fail to provide adequate and effective IP protection and enforcement for U.S. inventors, creators, brands, manufacturers, and service providers.

8. Chinese Volume-Based Procurement

China's "volume-based procurement" for medical devices is gathering steam and U.S. companies are losing sales as a result of the dramatic price cuts. This policy undermines China's commitment to buy more U.S. medical devices under the Phase One agreement. Since provincial governments play an important role in medical device procurement, how is Beijing ensuring their adherence to the Phase One purchase commitments?

Answer: I share your concerns about China's volume-based procurement model for medical devices. We have raised these concerns with our Chinese counterparts, including in the context of China's Phase One Agreement purchases commitments. China understands these concerns and continues to proclaim that it will meet all of its purchases commitments under the Phase One Agreement. I will be watching this area closely to ensure full and timely implementation.

9. Negotiations with Emerging Markets

The new negotiations with the United Kingdom and Kenya are a welcome addition to the positive U.S. trade agenda. Beyond these negotiations, how is the Administration preparing to access the biggest growth markets of the world for U.S. exporters, many of whom have high tariff walls (e.g., Brazil, India, and Nigeria) but great promise?

Answer: This Administration is engaging regularly with large economies like Brazil and India on specific issues that affect U.S. businesses to find solutions that will increase U.S. exports of goods and services and help to rebalance the U.S. trade deficit. With India, we are pursuing market access concessions that include tariff reductions in our GSP-related discussions, and with Brazil we are working to address regulatory and other barriers. In addition, we envision the Kenya negotiations resulting in an FTA that can serve as a model for additional accords on the African continent.

10. Promoting Sound Regulatory Practices

One key barrier for American companies abroad is unsound regulatory practices, especially as other countries promote their model of regulation. How is USTR working with federal government regulators to promote American regulatory values of sound science and risk

assessment? Has the Administration taken a fresh look at updating Executive Order 13609 (Promoting International Regulatory Cooperation)?

Answer: USTR works in partnership with U.S. federal regulators to promote the values of sound science and risk-based regulatory approaches in several ways. We incorporate U.S. federal regulatory practices and reference international work by U.S. regulatory agencies in technical discussions and in assistance programs. We also reference and promote U.S. regulator practices and work in U.S. government comments on foreign government standards, regulations and conformity assessment procedures, and in the bilateral and multilateral trade forums in which we participate. We include topics such as technical information, evidence-based decision making, risk analysis, and examination of regulatory alternatives in our free trade agreement negotiations on sanitary and phytosanitary measures, technical barriers to trade, good regulatory practices, and sectors. We are not aware of any plans for the Office of Management and Budget to update the Executive Order 13609 (Promoting International Regulatory Cooperation).

11. Chinese Purchase of Products Outside Scope of Phase 1 Deal

If a product is not included in the Attachment to Annex 6.1 of the Phase 1 deal (for example plastics in HS Chapter 39) and if China purchases more of that product, would that purchase count toward China's purchasing commitments? Are there opportunities for China to ramp up its purchases of goods not included in the Attachment to Annex 6.1, which could still have the effect of reducing the trade deficit and creating jobs in the US?

Answer: Each category and subcategory listed in Annex 6.1 of the Phase One Agreement is defined by the HS codes set forth in the Attachment to Annex 6.1. For a purchase of a U.S. product to count toward China's fulfillment of its commitments under the Phase One Agreement, China must purchase a U.S. product that falls within one of the HS codes pertaining to one of the listed categories or subcategories. China's purchase of a U.S. product that does not fall within an HS code set forth in the Attachment to Annex 6.1 will not count toward the fulfillment of China's commitments. At the same time, we continue to encourage China to purchase more U.S. goods and services, regardless of whether they are covered by the Phase One Agreement.

Rep. Brad R. Wenstrup

1. As you may recall, in February 2019, I asked about your support for H.R. 991 - Extension of the Caribbean Basin Economic Recovery Act, that I introduced with my colleague Rep. Terri Sewell. This legislation would extend the Caribbean Basin Trade Partnership Act (CBTPA) for ten years – until September 2030. CBTPA continues to be a very important program to the U.S. cotton and textile industries because it requires the use of U.S.-made yarns. For the beneficiary nations, CBTPA allows their garment industries to compete against large Asian suppliers such as China and Vietnam. In fact, beneficiary countries, particularly Haiti, have made significant efforts over the past year to court suppliers who are interested in leaving China. However, investors need certainty and are hesitant to make commitments while

CBTPA is still set to expire in September 2020.

Now that we are perilously close to expiration, I ask again, do you agree that a swift renewal of CBTPA would help strengthen the U.S. cotton and textile supply chain and that mutually beneficial programs like CBTPA can serve as an important backstop against domination by China and other competitors?

Answer: The Administration is still considering options for reauthorization and I look forward to working with your Committee in the near future on a potential reauthorization bill.

2. When you appeared before this Committee last year, you conveyed your commitment to working on unscientific barriers to agricultural trade with China, and I'm pleased to see the results in Phase One Agreement. The provisions on biotechnology are particularly promising, but as we have seen in the past with China, we need to keep a close eye on implementation. Do you feel that China is committed to implementing the agreement in good faith and addressing the barriers that have restricted American farmers' access to technology?

Answer: To date, China has been moving forward with the implementation of its commitments under the Agriculture chapter of the Phase One Agreement in a serious manner, as reflected in four press statements issued by USTR and the U.S. Department of Agriculture. With regard to agricultural biotechnology, we have been pursuing direct discussions with China's regulatory authorities in an effort to ensure that China implements a transparent, predictable, efficient, science- and risk-based regulatory process for the safety evaluation and authorization of products of agricultural biotechnology throughout our engagement with China. USTR remains committed to engaging with our trading partners, including China, to remove unwarranted barriers to agricultural biotechnology products, to allow farmers worldwide to continue using safe, modern, innovative tools and technologies.

3. Kenya's over 250 state-owned enterprises (SOEs) account for a significant share of Kenya's economy, including in important sectors for US exporters like airlines, power, oil and gas, and rail. SOEs can be subject to political or other pressures to make purchases in non-transparent or non-commercial manners. What provisions will the FTA contain to ensure to ensure that Kenyan SOEs follow fair and transparent bidding practices, and that U.S. bidders are permitted to bid on the same basis as Kenyan firms (and at least as good as any other third country bidder); and how will those rights be enforced through the FTA?

Answer: In the government procurement chapter, we will seek rules requiring covered entities, including covered SOEs, to follow fair and transparent bidding practices. We will also seek rules that ensure that U.S. goods, services, and suppliers are given non-discriminatory treatment in procurement and treated no less favorably than domestic or third country suppliers.

In the SOE chapter, we will seek rules that require Kenya's SOEs to accord non-discriminatory treatment with respect to the purchase and sale of goods and services. We

will also seek rules that require Kenya's SOEs to act in accordance with commercial considerations with respect to the purchase and sale of goods and services. "Commercial considerations" means price, quality, availability, transportation, and other terms and conditions of purchase or sale, or other factors that would normally be taken into account in the commercial decisions of a privately owned enterprise in that industry. In the FTA text, we will seek dispute settlement provisions that would allow for a panel to be established to examine a complaint arising under these obligations.

4. Aerospace has been an area of longstanding trade friction between the United States and Europe, because European governments provide funding directly to their aerospace companies to develop commercial products that compete with commercially funded U.S. products. The British government, home to one of the largest aerospace industries in the world, has frequently engaged in this practice: it is one of the four European governments that has repeatedly subsidized the development of different Airbus aircraft, and it has also provided below-market subsidies to Rolls-Royce for the development of aircraft engines – products that compete with and displace U.S.-made aerospace products in the U.S., Europe, and other global markets.

Unfortunately, we have learned from the 15-year Boeing/Airbus dispute(s) at the WTO that the WTO's dispute settlement process is not suited to rapid resolution of complex subsidies disputes like these (and U.S. law cannot address the impact of lost sales in third country markets).

As Rolls and BAE Systems look to expand their already lucrative presence in the U.S. market, what provisions can be incorporated in the U.S.-UK Free Trade Agreement to ensure that American companies do not compete on an unlevel playing field with British aerospace companies that receive British Government subsidies for the development of commercial products, or enjoy sole-source access to British Government contracts that exclude qualified U.S. competitors? Additionally, can anything be done to address the harmful impact of these policies on U.S. companies in third country markets? And how can we assure that the dispute settlement mechanisms of the agreement provide more timely and effective relief than the WTO dispute settlement process?

Answer: Our aim in negotiations with the UK is to reach a comprehensive trade agreement that addresses tariff and non-tariff barriers, and other trade-distorting government measures in order to achieve fairer trade, including in the aerospace industry. As part of the U.S.-UK negotiations, the United States is working to include strong provisions on market distorting behavior that can make it difficult for our producers and exporters to compete on a level playing field. Establishing a dispute settlement mechanism that is effective, transparent, and timely, and encouraging the early identification and settlement of disputes through consultation and other mechanisms, are also key negotiating objectives for the U.S.-UK trade agreement. While we already have an extensive trading relationship with the UK, I believe an ambitious trade agreement can ensure this trade is fairer, deeper, and more beneficial to our workers, farmers, and producers.

Rep. Earl Blumenauer, Trade Subcommittee Chairman

1. Ambassador Lighthizer, during our hearing, Representative Mike Thompson asked you about the Section 301 wine tariffs. I agree with you that the United States makes some of the best wine in the world, and I am, of course, partial to our Oregon wine. It is these Oregon producers from whom I have heard the most about these tariffs. My constituents have informed me that because 80% of domestic producers are small, family-owned businesses, with little brand recognition, they require significant investment from US distributors for access to lucrative markets here in the U.S. Therefore, when tariffs on European wines hit U.S. wine distributors, these distributors often stop investing in new US producers. These concerns were highlighted in testimony to your office and in the January 15 Oregonian story “Trump’s import tariffs could cripple Oregon’s wine industry, limiting consumer choices, while sending prices soaring” (<https://www.oregonlive.com/wine/2020/01/trumps-import-tariffs-could-cripple-oregons-wine-industry-limiting-consumer-choices-while-sending-prices-soaring.html>).

 - Have you reviewed the testimony from domestic wine producers regarding the Section 301 wine tariffs, and are you working to minimize the effects of these tariffs on U.S. producers?
 - Can you provide an update on the status of negotiations with the European Union to end their illegal subsidization of Airbus?

Answer: Determining an appropriate action under Section 301 involves a balance between the most effective action to obtain the elimination of the unfair act, policy, or practice, and minimizing any adverse effects on the U.S. economy, including small businesses and consumers. To assist in achieving the appropriate balance, USTR conducts a notice and comment process on possible trade actions and carefully considers all public input. Regarding further review of the LCA action, USTR has established a process where interested persons can submit comments on the action, and comments are currently being accepted through July 26. Among other matters, USTR specifically invited comments regarding potential disproportionate economic harm to U.S. interests. USTR will carefully consider public comments concerning potential effects on the U.S. economy when considering any possible modifications of the LCA action. With respect to negotiations with the EU, USTR is continuing to press the EU and Member States to engage in serious negotiations to end their illegal subsidies to Airbus.

2. As you know, I have strong concerns about the Trump Administration’s plans to strengthen the United States’ economic relationship with the Bolsonaro administration in Brazil. Press reports indicate that your office is negotiating with Brazil on a range of commercial issues but neglecting to address the reprehensible statements and actions by the Bolsonaro administration with regard to basic human rights issues, the destruction of the Amazon rainforest, and backward steps on the protection of workers rights. I believe in engagement with Brazil, but that engagement must be centered around addressing these pressing issues.

- What actions has your office taken to monitor whether the widespread illegal harvesting of timber in Brazil is potentially being exported to the United States? Has your office done any outreach to stakeholders raising these concerns or worked with other relevant agencies to take enforcement actions?
- What actions has your office taken to monitor forced labor conditions in Brazil? Has your office done any outreach to stakeholders raising these concerns or worked with other relevant agencies to take enforcement actions regarding imports produced with forced labor entering the United States?

Answer: USTR takes allegations of trade in illegally harvested timber seriously. USTR works closely with U.S. interagency partners to strengthen forest sector legality and enforce the U.S. Lacey Act. USTR also meets frequently with representatives from industry and civil society on forest sector legality, through both regularly scheduled advisory committee meetings as well as ad hoc requests.

Further, USTR monitors Brazil's compliance with the labor eligibility criteria for the Generalized Systems of Preferences program, which requires that each beneficiary developing country be taking steps to afford internationally recognized worker rights, including a prohibition on the use of any form of forced or compulsory labor. In addition, USTR is a member of both the Forced Labor Enforcement Task Force and the DHS Forced Labor Interagency Working Group, and collaborates with Customs and Border Protection (CBP) on CBP's enforcement of the forced labor import prohibition in Section 307 of the Tariff Act of 1930. On September 30, 2019, CBP issued a Withhold Release Order detaining at the border shipments of bone black from Brazil, based on information that CBP reasonably found to indicate that such products were produced by forced labor. USTR will continue to collaborate with CBP and other relevant agencies to take enforcement actions regarding imports produced with forced labor entering the United States.

Chairman Richard E. Neal

1. USMCA: MEXICO LABOR IMPLEMENTATION

The success of the USMCA agreement depends on Mexico's ability to implement dramatic and long overdue shifts in its labor system. It requires identifying corrupt employers and actors who have detrimentally manipulated workers' interests over many years; removing systemic incentives to undermine workers' rights; and eliminating protection union contracts through a rigorous collective bargaining agreement (CBA) review process.

Last month, workers and labor unions reported serious flaws in Mexico's current CBA legitimization protocol that allows protection unions far too much control over the process and preserves their ability to intimidate and unduly influence workers' votes. In addition, on-the-ground reports indicate that many workers in Mexico still cannot currently publicly access

their collective bargaining agreements or the union bylaws of protection-unions in their workplaces.

Labor unions and advocates recommended some of the following corrective measures Mexico should pursue:

- Allow workers and STPS to initiate a new contract verification process, instead of only the pre-existing union;
- Provide all factory workers written information about the election process and that voting “no” will not negatively impact their work terms and conditions;
- Publicize election procedures (including date, time and location of vote); and
- Create a hotline for workers to anonymously report irregularities.

At the hearing on June 17, you agreed that labor enforcement in Mexico is going to be a challenge.

What specific steps has USTR taken and what future steps will you take to ensure Mexico’s CBA legitimation protocol is corrected to solve these problems that risk undermining the USMCA?

Answer: USTR officials have been in contact with Mexican labor officials about the CBA legitimation process and report the following information related to the concerns that you raise.

Mexico's landmark legislation from May 2019 requires that all existing CBAs be subject to a vote by workers no later than May 1, 2023, and the USMCA locks in this commitment. If no vote is held in the next three years, a CBA would be considered terminated, and a new union could organize the workplace without impediment.

The USMCA enshrines workers' right to challenge incumbent unions in a free and fair process. Even in cases where the incumbent union and the employer do not agree to a vote prior to May 1, 2023, workers could force a vote in the interim to replace the existing union with one that would seek to renegotiate the CBA. The USMCA's innovative Rapid Response Labor Mechanism gives the United States the tools necessary to ensure that votes on CBAs and on union representation are free and fair

The Mexican Labor Ministry (STPS) has created a public website for unions to notify their intention to hold a CBA verification vote and publish the results. It is our understanding that, under STPS guidelines, all of the votes in the past year have been registered on this site. Additionally, under the May 2019 labor reform and the STPS guidelines, the employer must provide all covered workers with a printed copy of the CBA at least three days before the vote. The STPS public website documents whether workers reported that they received a printed copy of the CBA. These responsibilities will also transfer to the new independent Federal Center in October 2020.

STPS officials report they have a general hotline for complaints and that issues related to CBA votes are directed to the STPS office in charge of this process. Beginning in October 2020, STPS will begin turning over these responsibilities to the new independent Federal Center and the new labor courts. The United States has also established the web-based hotline provided for in section 717 of the USMCA Implementation Act.

2. USMCA: MEXICO LABOR IMPLEMENTATION RESOURCES

You agree that protection unions in Mexico need to be removed through votes on collective bargaining agreements. You stated that challenging the non-democratic and protection unions is really an important part of this process.

In order for workers to bring these challenges, they will need to overcome threats, widespread fear and fierce intimidation from employers, protection unions and in some cases, from local politicians. Workers need support and education from experienced organizations and trusted institutions to be able to overcome those barriers. This kind of worker education and organizing support is resource-intensive and requires specialized skills and capacities. This is why Congress specifically authorized substantial funding for worker education and organizing in Mexico through the Department of Labor.

What are you and USTR doing through the Interagency Labor Committee (ILC) to ensure financial resources appropriated by Congress are properly and effectively directed to supporting worker education and organizing in Mexico?

Answer: As you know, USTR co-chairs the ILC with the Department of Labor. Under the USMCA Implementation Act, one of the ILC's duties is identifying priority issues for capacity-building activities in Mexico to be funded by the United States. USTR works closely with the Department of Labor and other ILC members to ensure that labor-related capacity-building activities in Mexico are focused on supporting the implementation of USMCA labor commitments.

To date, the Department of Labor has awarded \$32 million in technical assistance funding to assist Mexico in complying with the labor commitments in the USMCA, improving working conditions, and strengthening the rule of law. An additional project will build worker capacity in Mexico to identify violations of labor law, provide legal support, and improve advocacy and administrative functions.

3. CHINA TRADE ENFORCEMENT

I have consistently raised concerns regarding the Administration's decision to pursue intensive negotiations with China on a wide range of trade frictions that go beyond intellectual property rights abuses while choosing to exclude labor and environment issues from those negotiations. China's labor and environmental policies also constitute abuses and unfair economic advantage in the highly competitive U.S.-China trade relationship. Any

serious reset of our economic relationship will have to effectively address these issues. As much as China's policies on industrial subsidies, China's labor and environmental practices create serious anti-competitive distortions. Recent press reports of China's treatment of the Uighur population in Xinjiang reveal a dark picture of human rights and labor abuses. Numerous reports have identified that forced labor is occurring throughout this region and that China has transported some Uighurs to other parts of China to perform forced labor.

What is USTR doing to address the problem of forced labor in China? How is USTR supporting the enforcement of the prohibition of imports made with forced labor?

Answer: I take seriously the United States' commitments to address forced labor under U.S. law. USTR officials have had numerous discussions with U.S. businesses regarding forced labor in China. USTR also participates in a number of intra-governmental initiatives that work to address forced labor in China and is part of the U.S. government's whole-of-government enforcement work in this area. USTR is a member of both the Forced Labor Enforcement Task Force and the DHS Forced Labor Interagency Working Group, and collaborates with Customs and Border Protection (CBP) on its enforcement of the forced labor import prohibition in Section 307 of the Tariff Act of 1930. Since passage of the Trade Facilitation and Trade Enforcement Act of 2015, CBP has issued eight Withhold Release Orders addressing goods made with forced labor in China. USTR also participates in a White House task force to monitor the situation of forced labor in the Xinjiang Province of China. The Administration has announced a number of actions in response to the abuses in Xinjiang, including Department of State visa restrictions on PRC officials and Department of Commerce entity listings.

4. U.S.-CHINA TRADE AND ECONOMIC COMPETITION STRATEGY

Ten years ago, China overtook Japan to become the world's second largest economy – after the United States. Before COVID-19, economists anticipated that China would overtake the size of the U.S. economy in about another 10 years (<https://www.cnbc.com/2019/09/24/how-much-chinas-economy-has-grown-over-the-last-70-years.html>).

The policies that have fueled China's economic growth have run counter to the norms and accepted practices of the multilateral community of trading nations premised on primarily open market-based economic systems. The Trump Administration has taken confrontational and at times chaotically executed enforcement actions with respect to some of those policies. These actions have resulted in increased duties on nearly \$400 billion of Chinese imports undertaken pursuant to Section 301 of the Trade Act of 1974 and steel and aluminum duties on imports from most of the world imposed pursuant to Section 232 of the Trade Expansion Act of 1962.

Late last year, the Administration concluded a Phase One Trade Agreement with China – leaving additional tariffs on nearly \$400 billion of Chinese imports in place and countless U.S. negotiating objectives on the table for a farfetched Phase Two Agreement.

What is the short-term, medium-term, and long-term plan for resetting the U.S.-China trade and economic relationship? China's ambitions are not changing because of the additional tariffs or COVID-19. What is USTR's vision for U.S. and China's trade relationship in 2030?

Answer: This Administration announced more than two years ago that it would be pursuing a new, more aggressive approach to the United States' engagement of China. We explained that the Administration would defend U.S. companies and workers from China's unfair trading practices and would seek to restore balance to the trade relationship between the United States and China. As part of these efforts, the United States would take all appropriate actions to ensure that the costs of China's non-market economic system are borne by China, not by the United States. Consistent with this more aggressive approach to China, the Administration is now using all available tools – including domestic trade remedies, bilateral negotiations, WTO litigation, and strategic engagement with like-minded trading partners – to respond to the unique and very serious challenges presented by China. Specifically, the United States imposed tariffs on hundreds of billions of dollars of Chinese imports under USTR's Section 301 authority; imposed safeguard tariffs on solar cells and modules, and on large residential washers, from China and elsewhere, under Section 201; and imposed tariffs on steel and aluminum product imports from China under Section 232. But, the goal for the United States remains the same. The United States seeks a trade relationship with China that is fair, reciprocal, and balanced.

Earlier this year, the United States' new approach to China began to demonstrate key progress with the signing of the Phase One Agreement with China in January. This historic agreement requires structural reforms and other changes to China's economic and trade regime in the areas of intellectual property, technology transfer, agriculture, financial services, and currency and foreign exchange. The agreement also includes a commitment by China that it will make substantial additional purchases of U.S. goods and services in the coming years. Under the agreement, the United States continues to maintain tariffs on approximately \$370 billion of goods imported from China. Importantly, the agreement establishes a strong dispute resolution system that ensures prompt and effective implementation and enforcement.

Because the Phase One agreement does not cover all of the United States' concerns, the United States will turn to Phase Two of its trade negotiations with China in order to secure resolutions to important outstanding issues. These discussions will focus on, among other things, critical issues in areas such as excess capacity, subsidies, state-owned enterprises, and state-sponsored theft of intellectual property.

At the same time, the United States will continue to work with trading partners that share our vision to take effective action to address market-distorting practices in China. Currently, for example, the United States is working with the European Union and Japan as part of a high-level trilateral partnership to address the systemic distortions caused by China's non-market economic system.

5. DIGITAL SERVICES TAXES: NEGOTIATIONS STRATEGY

At the hearing on June 17, in response to a question from Rep. Beyer concerning the Financial Times (FT) story published the same day titled “US upends global digital tax plans after pulling out of talks with Europe,” you testified that the United States was no longer involved in the negotiations for a global tax framework for taxing digital economy profits.

Separately, in response to this story, the Treasury Department has explained that Secretary Mnuchin wrote certain of his European counterparts to suggest “a pause in the OECD talks on international taxation.” According to the FT article, however, the Secretary told his counterparts that negotiations are at an “impasse” and that they should be put on hold to address the public health crisis from COVID-19.

In your June 17 testimony, in response to a question from Rep. Doggett, you described foreign governments’ proposals to tax digital economy profits as an effort to “screw America, and that’s just not something that we’re ever going to be a part of.” Nonetheless, Pascal Saint-Amans, Director of the Center for Tax Policy and Administration at the OECD, has affirmed that negotiations will continue.

Does the Administration support continued U.S. participation in negotiations for a global tax framework for taxing digital economy profits? Or, does the United States intend to block further negotiations on “Pillar 1” because it has concluded that efforts to tax digital economy profits target U.S. companies?

Answer: The Department of the Treasury is the lead agency for the United States in talks at the OECD regarding international taxation and I would direct specific questions about those talks to the Department of the Treasury. USTR is conducting investigations under Section 301 of the Trade Act of 1974 of multiple countries that have adopted or are actively engaged in the adoption of a digital services tax (DST). We are also actively engaged with other countries that are considering the adoption of a DST. We will use every tool available to us to ensure that other countries do not impose taxation on U.S. companies that unfairly targets U.S. companies.

6. DIGITAL SERVICES TAXES: ENFORCEMENT STRATEGY

Late last year, USTR initiated a Section 301 investigation into France’s digital services tax (DST). After concluding that the French DST is discriminatory and harmful to U.S. economic interests, USTR solicited public comment on appropriate remedial actions. Similar to the China Section 301 investigation, USTR recommended additional duties, including on French champagne, handbags, and food items.

At that time, USTR also solicited feedback from the public on enforcement actions that USTR might take in the form of fees or restrictions on French services. Early last month, USTR initiated 10 new Section 301 investigations on various countries’ and economies’ actual or proposed DSTs.

What is the status of USTR's consideration of taking actions to impose restrictions on services pursuant to Section 301, where the unfair trade policy in question relates to services trade? Is this something you are still actively and seriously working on?

Answer: USTR continues to consider the option of adopting an action involving the imposition of fees or restrictions on services pursuant to a Section 301 investigation.

7. COVID-19 AND INTERNATIONAL TRADE

The major development in 2020 that has deeply affected nearly all aspects of life in the world, including on the U.S. and global economy, is the COVID-19 pandemic.

What aspects of the Administration's trade policy agenda for 2020 has USTR re-examined in light of the current and future impacts of COVID-19? What aspects of the Administration's trade policy agenda will likely need to be re-examined in light of COVID-19?

Answer: One lesson to be drawn from the COVID-19 pandemic is that dependence on other countries, especially ones like China, to source goods and key strategic products creates a vulnerability for the United States. This Administration's economic and trade policies are helping to overcome that vulnerability by encouraging diversification of supply chains and more manufacturing in United States. I welcome Congress' continued support in our efforts.

Rep. Adrian Smith

1. In April, we saw almost half of the ethanol industry go offline due to decreased U.S. demand associated with COVID-19, which increases the urgency of maximizing the industry's export opportunities. According to reports I have received from producers, China has yet to significantly increase its purchases of our ethanol or distiller's dried grains with solubles (DDGS) products, nor has it eliminated the tariffs imposed on these products. If China does not live up to these purchase commitments on ethanol, what steps will you take to hold it accountable, and when can we expect China to lift its tariffs?

Answer: China's commitments to purchase U.S. food and agricultural products are annual commitments for calendar years 2020 and 2021, so we will not be able to assess definitively whether China has fulfilled these commitments for 2020 until the end of this year. At the same time, we have been following China's progress in purchasing U.S. food and agricultural products very closely and have been discussing our concerns with our Chinese counterparts as they arise. While the Phase One Agreement does not expressly require China to remove or adjust its tariffs on ethanol or DDGS, we have made it clear that China needs to find a way to satisfy all of its purchases commitments under the Phase One Agreement. As you know, the Phase One Agreement includes a strong enforcement mechanism, both to encourage China to implement its commitments and to allow us to take action if necessary.

Rep. Judy Chu, Ph.D.

1. Ambassador Lighthizer, I appreciated your response when you were asked about Mexico's changes to its longstanding interpretation of its ad minutes law. This is an important issue to America's TV industry, which would see their most valuable primetime ad inventory cut in half. The effect and intent of this proposal is clearly discriminatory – it would basically shift ad revenue from U.S. payTV channels to Mexican broadcast channels. When the Mexican regulator attempted the same re-interpretation a few years ago, USTR was aggressive in resisting the change as a violation of NAFTA. A former General Counsel of USTR has said that the current attempt would similarly violate USMCA. Can America's creative industries count on USTR to work aggressively to ensure this issue is remedied as soon as possible?

Answer: We are actively working to ensure that Mexico does not change its long-standing approach to the relevant advertising requirements. We continue to press Mexico to live up to its trade obligations.

2. Ambassador Lighthizer, thank you for USTR's efforts to address a proposal in Mexico to impose a quota on online video. This proposal would reduce choice for Mexican consumers, hurt U.S. online video providers – some of which would be effectively barred from Mexico's market, and be a clear violation of Mexico's commitments under USMCA. I appreciated the concerns you expressed on the issue at the hearing and hope you will continue to work with Congress and the Mexican government to ensure this discriminatory policy is not enacted. Online video is a critical growth area for the U.S. industry, especially with the economic challenges brought about by COVID-19. Will you commit to opposing quotas in the burgeoning online video space all over the world?

Answer: Yes, USTR will continue to oppose online content quotas. With respect to Mexico, new rules for digital trade in USMCA also provide USTR with additional tools for ensuring that U.S. content is not treated less favorably.

Rep. Danny K. Davis

1. Ambassador Lighthizer, It is my understanding that USTR has been part of the policy decision making process with Treasury regarding Customs and Border Protection's (CBP) Federal Excise Tax (FET) deferral guidelines for beverage alcohol for US importers. These guidelines were significantly different than domestic deferral guidelines that TTB issued for domestic producers and we don't understand why. CBP required restrictive hardship tests, while TTB had no hardship requirement. These are not tariffs, these are federal excise taxes. How can we create parity for these FET deferrals for US importers and domestic producers on what is, essentially, the same tax system, with US-based importers being put at a disadvantage having to meet hardship requirements?

Answer: My office is committed to our national fight against the coronavirus pandemic and our economic recovery and has followed developments with respect to tariffs in particular.

The Department of the Treasury and Customs and Border Protection are responsible for the administration of excise taxes. My office will work with them to better understand this issue.

2. Ambassador Lighthizer, It is my understanding that USTR has been part of the policy decision making process with Treasury regarding Customs and Border Protection's (CBP) Federal Excise Tax (FET) deferral guidelines for beverage alcohol for US importers. Recognizing that beverage alcohol excise taxes are the same for domestic producers and US importers, how can we have USTR work with Treasury to ensure parity between the vastly different set of guidelines released by TTB on domestics and CBP on taxes for imports?

Answer: My office is committed to our national fight against the coronavirus pandemic and our economic recovery, and has followed developments with respect to tariffs in particular. The Department of the Treasury and Customs and Border Protection are responsible for the administration of excise taxes. My office will work with them to better understand this issue.