

Few details as Japan, U.S. agree to tackle supply chains

JAPAN, U.S. PLEDGE DEEPER TECH, AND SUPPLY CHAIN TIES: Biden and Japanese Prime Minister Yoshihide Suga capped off their first in-person meeting on Friday by announcing a partnership focused on technology, climate change, and global health. Tucked into the joint announcement is a vague goal to “cooperate on sensitive supply chains, including semiconductors,” a pledge Biden reiterated during their Rose Garden press conference.

Neither Biden nor the White House elaborated on what precisely that collaboration will entail, even as American companies grapple with a global shortage of chips used to make cars, computers, and other high-tech devices. Biden met with corporate CEOs earlier in the week to discuss the issue, focusing on long-term solutions like building new semiconductor factories in the U.S. that would take years to come online.

The Japan agreement seems to take a long-term view as well: The countries will invest billions of dollars to develop and deploy advanced technologies, including 5G telecommunications networks, biotechnology, quantum computing, and artificial intelligence — all emerging fields where they are competing with China for global dominance. The United States has committed \$2.5 billion to the effort while Japan has committed \$2 billion, the White House said.

The pair will also work with allies in the Indo-Pacific region to create surge capacity for manufacturing personal protective equipment and other medical supplies for future pandemics. The administration aims to avoid future shortages of safety and sanitation products that many hospitals, senior care facilities, and other organizations experienced last year.

CHINA HAWKS QUESTION BIANCHI NOMINATION: Republican China hawks pounced on Biden’s nomination of former aide Susan Bianchi as deputy USTR on Friday, questioning whether she has the experience to execute the agency’s China portfolio, which she’s widely expected to inherit.

“The China portfolio at USTR is a critical position that should be reserved for someone with experience in these issues, and who has demonstrated a

commitment to a clear-eyed approach when confronting the CCP's threats to our national and economic security," Sen. Marco Rubio (R-Fla.) told POLITICO on Friday.

"Katherine Tai was a historic selection for U.S. trade representative, who was confirmed with 98 votes and deserves a team that can carry out her expertise and views on China," he said.

Reality check: Though the GOP China hawks have delayed a few previous nominees and raised Cain about how they supposedly show Biden will be soft on Beijing, their attacks have yet to stick. Beyond legislative maneuvers to delay her confirmation, they are unlikely to build enough opposition to derail Bianchi's nomination.

As criticism for Bianchi's nomination rolled in, so did endorsements. Senate Finance Chair Ron Wyden (D-Ore.) said Bianchi will bring "broad experience to bear on our significant trade policy challenges — including ensuring proper enforcement of our existing trade deals, making way for the trade of the future, and most importantly, ensuring both our past and future trade policy works for American workers and their families."

And about the other deputy nominee: Wyden unsurprisingly had kind words for his long-time adviser, Jayme White, who the White House has also nominated to a deputy post in USTR. He said White's work in Congress to modernize trade policy was "critical to securing new tools to enforce deals, cracking down on trade cheating by updating U.S. laws and putting new transparency into trade negotiations."

An industry perspective: The National Foreign Trade Council's outgoing president, Rufus Yerxa, said Bianchi's past work for Biden and White's career on the Hill provide a "great training ground for the kind of combination of politics and policy that you have to manage as a deputy USTR."

"The deputy USTR is kind of the intermediary between the political level and the substantive and technical level of work in USTR, and, of course, you also have to be a good negotiator and a good politician. I think they both are," said Yerxa, who served in the role during the Clinton administration.

DATES TO WATCH: The House Ways and Means Committee will hold a hearing

with Tai on the Biden administration's 2021 trade policy agenda during the week of May 10, per a committee staffer. Senate Finance is also aiming to host Tai in May, though a date has not been set, according to an aide.

Then, later this year: The WTO's Ministerial Conference, which convenes trade ministers from its 164 member countries, has been officially scheduled for Nov. 30 to Dec. 3 in Geneva, Switzerland. The meeting was originally slated for June 2020 in Nur-Sultan, the capital of Kazakhstan, but was postponed due to the pandemic. Kazakhstan's minister of trade and integration, Bakhyt Sultanov, will chair the gathering.

MORE SENATORS PRESSURE BIDEN TO BACK VACCINE IP WAIVER: Eight Democratic senators have joined Sens. Bernie Sanders (I-Vt.) and Elizabeth Warren (D-Mass.) in urging Biden to publicly support India and South Africa's request for the WTO to waive intellectual property protections on Covid-19 vaccines, therapeutics, and diagnostics so that manufacturers around the world can increase production of those goods.

"To bring the pandemic to its quickest end and save the lives of Americans and people around the world, we ask that you prioritize people over pharmaceutical company profits by reversing the Trump position and announcing U.S. support for the WTO TRIPS waiver," the senators said in a letter to Biden on Friday.

The U.S., the EU, and some other developed countries have opposed the waiver since India and South Africa first proposed it back in October. But last week, Tai seemed to open the door to the possibility of the U.S. changing its position during a speech at a closed-door WTO forum where she called for industry to make sacrifices to ensure people in developing countries have access to life-saving medicine.

Sens. Tammy Baldwin (D-Wis.), Sherrod Brown (D-Ohio), Richard Blumenthal (D-Conn.), Ed Markey (D-Mass.), Jeff Merkley (D-Ore.), Chris Murphy (D-Conn.), Chris Van Hollen (D-Md.), and Raphael Warnock (D-Ga.) also signed the letter to Biden.

Tai talks with vaccine alliance CEO: Tai discussed the IP waiver proposal and related health issues on Friday with Seth Berkley, the CEO of GAVI, the Vaccine Alliance. She highlighted "her commitment to using trade policy to save lives in the pandemic and ensure that the United States, and the world, are better

prepared in the future,” USTR said.

EU trade chief explains opposition: European Commission Executive Vice President Valdis Dombrovskis, in a March 3 letter obtained by Morning Trade to a member of the European Parliament, argued granting the waiver “would not help but rather hinder the efforts to ensure the widest distribution of Covid-19 vaccines.”

“New variants of Covid remain a real threat and this is not the last pandemic that we may have to deal with,” Dombrovskis said in the letter to MEP Gianna Gancia. “We need to find measures that both respond to the current needs in the EU and worldwide, as well as preserve the incentives to innovate and invest in health-related research.”

In the EU’s view, “the solutions to rapidly scale up the required manufacturing and distribution of vaccines at this stage can only be delivered through close public-private cooperation and intellectual property is a key element of this equation,” Dombrovskis added.

CHINA, U.S. BREAK TENSION WITH CLIMATE STATEMENT: U.S. and Chinese officials left their March meeting in Alaska on a chilly note, diminishing any notion that the nations’ relationship would be quickly repaired under the Biden administration. But a potential thaw came over the weekend when the economic rivals released a joint statement pledging to fight climate change “with the seriousness and urgency that it demands,” POLITICO’s Zack Colman reports.

The announcement did not include any grand policy changes, but the countries plan to lay out their long-term visions for achieving net-zero emissions at the international climate change talks scheduled for November in Glasgow, Scotland. The statement by special climate envoy John Kerry and his Chinese counterpart, Xie Zhenhua, followed Kerry’s last-minute trip to Asia ahead of Biden’s two-day climate summit that begins on Thursday.

The trade angle: The U.S. has said it wants concessions from China on issues like climate change and human rights abuses before it will strike a deal on tariffs and other trade-related matters. So far, the Biden administration has maintained Trump-era duties on billions of dollars worth of imports from China. Beijing hopes to see those duties eased, along with restrictions imposed on several of its largest technology companies, under new U.S. leadership. Tai and Commerce Secretary

Gina Raimondo have said Trump's policies are under review but have otherwise offered little insight into their next steps.

LAWMAKERS CALL FOR A NEW TOURISM STRATEGY: The leaders of the Senate Commerce Committee penned a letter to Raimondo on Friday asking for an update to the country's tourism and travel strategy in the wake of the coronavirus pandemic. Raimondo oversees the Tourism Policy Council, an interagency group that monitors how federal policy impacts the travel industry.

"We would like to see specific strategies and recommendations that prioritize public health and economic recovery in response to the COVID-19 pandemic," the letter states. "These strategies should help agencies promote the safe resumption of domestic and international travel by identifying actions they can take to impart traveler confidence and enlarge opportunities for safe travel."

In addition to Sens. Maria Cantwell (D-Wash.) and Roger Wicker (R-Miss.), the letter is signed by Roy Blunt (R-Mo.), Amy Klobuchar (D-Minn.), Rick Scott (R-Fla.) and Jacky Rosen (D-Nev.). The tourism industry has been especially hammered during the pandemic as international travel largely halted and Americans took fewer domestic trips. That's taken an economic toll on states with economies that rely heavily on tourism and hospitality.

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