



## **USCIB American Competitiveness Agenda 2017**

The United States Council for International Business (USCIB) corporate members represent \$5 trillion in revenues and employ 11.5 million people worldwide across a wide range of sectors.

USCIB is committed to strengthening a rules-based trading and investment system that opens international markets for U.S. companies and removes barriers and unfair trade practices that undermine Americans' jobs as they compete for customers at home and around the world. We support policies that will establish a level playing field for U.S. business while ensuring that open trade and investment delivers the widest benefit to the most people here at home.

The year 2017 will be a critical one for rebuilding America's competitiveness and support for the role of international trade and investment in creating opportunities for all Americans. USCIB will work for effective enforcement of existing agreements as well as to advance negotiations and agreements that improve market access for U.S. companies, including regional negotiations in the Pacific and with Europe. U.S. trade agreements have been an important component of U.S. competitiveness. Agreements must comply with the standards and criteria set forth by Congress in the Bipartisan Congressional Trade Priorities and Accountability Act of 2015 (TPA Act of 2015) and the Trade Facilitation and Trade Enforcement Act of 2015.

These standards and criteria carry forward the fundamental objectives of the U.S. Reciprocal Trade Agreements Program inaugurated by Congress in 1934 which sought to revive an American economy crippled by the Great Depression and exacerbated by the Smoot-Hawley Tariff Act of 1930 that precipitated a tit-for-tat trade war. For over 80 years, the Program and its consequent agreements have sought to support U.S. competitiveness, establish enforceable rules, protect U.S. companies from discriminatory and unfair practices in foreign markets, require other countries to establish transparent regulatory systems, stimulate economic growth, and protect as well as create jobs for American workers. In 2017, these objectives remain the standard by which the United States should conduct its foreign economic relations.

In working with the new Administration, USCIB will stress the importance of U.S. engagement and leadership in creating and enforcing rules for international trade and investment. Essential to U.S. leadership will be continuing to work with our global partners on trade and investment agreements. We will urge the Administration to seek improvements to pending and existing agreements, rather than withdraw from them, and work to advance negotiations for strong, pro-competitive trade and investment agreements going forward.

USCIB supported TPP as a vehicle for U.S. engagement in the Asia-Pacific region. By 2030, two-thirds of all middle-class consumers in the world will be in Asia, so the area continues to be key to the future growth of many U.S. companies. We will join with the voices in Congress urging the Administration to determine the best ways to further open markets in the Asia-Pacific region to U.S. goods and services, including by carrying forward key provisions from TPP. Simply letting other nations (including some with very different economic systems and priorities) write the rules in this fast-growing region would be a strategic misstep. Some of our most important trading partners in the region have already ratified TPP or are continuing to undertake reforms consistent with the agreement – notably, Singapore and Australia incorporated the TPP's provisions on cross-border data flows into their bilateral FTA.

USCIB also supported the TTIP negotiations. We encourage the Administration to continue to explore opportunities to further open transatlantic trade and investment and establish high-standard global rules. Given the pending “Brexit”, we will also encourage the new Administration to engage with the UK to protect the interests of U.S. companies and workers in that process, while preparing for a bilateral relationship.

U.S. services companies are among the most competitive in the world, but many countries maintain barriers that limit opportunities for U.S. services companies. The U.S. has been a leader in forging agreements to break down these barriers, including the World Trade Organization’s General Agreement on Trade in Services (GATS) and recent U.S. free trade agreements (FTAs) which contain important measures to foster services trade. Plurilateral negotiations on international services trade (the Trade in Services Agreement or TISA negotiations) have the potential to build upon the existing rules and further open foreign markets for U.S. services exporters. We will press for progress on advancing 21<sup>st</sup> century standards for the full range of services trade. Such standards will not only benefit services providers but also their manufacturing clients who need such services to effectively compete around the world.

NAFTA has played an important role in creating a trade relationship with Canada and Mexico that supports nearly 14 million U.S. jobs and through which the two U.S. trading partners purchase nearly one-third of our exports. The agreement provides a platform on which to build new disciplines to better meet the needs of today’s economic landscape. For example, USCIB would support updates to the 1994 pact to better reflect the modern economy, including the reality of North American supply chains that enhance U.S. competitiveness and the growing importance of digital trade, which helps American SMEs capture new market opportunities and drives a strong U.S. trade surplus in digitally deliverable services. In fact, many of these needed enhancements to the North American trade environment were addressed as part of the TPP negotiations.

While we will support strong enforcement of trade and investment rules, we will work to discourage counter-productive measures that undercut our international commitments or could lead to retaliatory measures that hurt U.S. companies and workers.

USCIB will seek to offer thought leadership on the importance of opening global markets for U.S. trade and investment. Our analysis will explore the policies needed to ensure that displaced workers are prepared for and can find new employment opportunities in a competitive U.S. economy. This analysis will consider whether displacement due to trade should be part of a broader discussion of worker displacement from any cause (e.g., including technology or productivity) and what is needed to ensure that the U.S. has a workforce ready to compete and succeed in the 21<sup>st</sup> century economy. Finally, we will look at how to increase U.S. competitiveness and the importance of improving sustainable infrastructure, reforming tax rules, developing effective retraining and adjustment programs, implementing smarter, science-based, and more coherent regulatory policies, and strengthening the rule of law.

On investment, USCIB has long been a leading public voice on the benefits of foreign direct investment (FDI) for the U.S. economy, our states and cities, our companies, and our workers. When U.S. firms’ investments overseas prosper, it justifies more capital investment in the U.S. parent, helps maintain profitability to support U.S. wages, and often leads to new job creation in the U.S. by “pulling” substantial U.S. exports of equipment, inputs, and related services. We will continue to advocate for broad policies and for specific investment agreements which strengthen the policy and legal environment for FDI, including continued work on a rules-based

bilateral investment agreement with China. One key element in effective investment agreements is strong enforcement mechanisms to ensure U.S. investors have access to an independent rules-based arbitration system to enforce their rights when foreign governments expropriate, ignore international minimum standards, discriminate against or break binding commitments to American investors.

The USCIB American Competitiveness Agenda 2017 will also focus on leveraging our unique international network to push forward on work at the WTO while also resisting efforts by some other international organizations to adopt protectionist policies that would undercut trade rules designed to eliminate barriers. In the case of the WTO Trade Facilitation Agreement (TFA) we expect final ratification in 2017 and will support robust implementation by all countries. This multilateral agreement holds the promise of providing world-class data and systems in all nations so that fair trade can be measured. We will continue our role as one of the leaders of the business coalition pressing for completion and implementation of the WTO Environmental Goods Agreement and also look for opportunities to advance new initiatives at the WTO that will open international markets. At the same time, we will monitor work by international organizations such as the World Health Organization to head off proposals that would seek to justify protectionist policies or erode intellectual property rights.

USCIB will continue to oppose policies that handicap U.S. trade and investment. We look forward to working with the Trump Administration and Congress to tackle such problems as: forced localization requirements, restrictions on cross-border data flows, carve-outs of specific sectors from trade and investment rules, over-reaching regulations, unfair support for state-owned or state-supported enterprises, customs and border barriers, mobility-related obstacles, inadequate anti-bribery enforcement, lack of clear standards at U.S. customs for forced labor, inadequate or eroding IP protection, and illicit trade.

While we will actively engage U.S. policymakers on the USCIB American Competitiveness Agenda 2017, our members see a growing need to also engage policymakers and business leaders in other countries on the issues they are confronting in global markets. USCIB will seek to more effectively leverage our unique network of relationships with business groups in other countries that are best placed to influence the policymakers in their countries. As the U.S. industry representative to the International Chamber of Commerce (ICC), the Business and Industry Advisory Committee to the OECD (BIAC), and the International Organization of Employers (IOE), we work closely with the foreign business groups in these organizations, but will look to expand the scope of our cooperation in addressing the key trade, investment and regulatory opportunities to better facilitate global growth and competitiveness.

Opening global markets for trade and investment can generate much needed economic growth and job creation in the United States and around the world if policymakers take the steps needed to address protectionist policies. The USCIB American Competitiveness Agenda 2017 sets out a framework for continuing to open markets by laying out a seven-point plan:

### **Work with the New Administration and Congress to Improve U.S. Competitiveness Through a Seven-Point Plan**

1. Pursue agreements that meet the standards of the Trade Promotion Act of 2015 and the Trade Facilitation and Trade Enforcement Act of 2015 in order to open new and growing markets around the world for which U.S. goods and services can compete on a level playing field. Take advantage of opportunities in multilateral fora to set the

rules for trade in the 21<sup>st</sup> century, including disciplines on State-owned Enterprises (SOEs) and rules to foster cross-border data flows.

2. Take enforcement actions under established international rules and agreements to protect U.S. rights and promote fair competition while avoiding measures that unduly disrupt trade.
3. Mandate cross-border consultations with counterpart regulators in order to achieve regulatory coherence and mutual recognition when appropriate to achieve regulatory reforms that reduce unnecessary and excessive regulations.
4. Promote tax reforms that re-establish the U.S. as a favorable base in which to manufacture and manage global operations.
5. Review sanctions policy to ensure that such measures are used only sparingly for vital foreign policy purposes and only after consideration of their efficacy in light of cooperation, or lack thereof, from foreign allies and weighing the burden of restrictions on American business.
6. Pursue commercial diplomacy in cooperation with the incoming Administration and Congress in a manner that maximizes U.S. competitiveness and brings to bear the full strength of U.S. engagement, innovation, technology and digital services, capital and best practices in order to win market share and customers.
7. Encourage development of a multifaceted program that trains workers for jobs in manufacturing and services and provides benefits for workers and communities adversely affected by trade liberalization, technological change, and competition.