



2019 USCIB Trade and Investment Agenda

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. Open global markets for trade and investment are critical to the continued growth of our member companies and the continued growth of the U.S. economy. We support the following principles as critical to an international business environment that will drive innovation, economic development and job creation.

Key USCIB Principles for Open Trade and Investment

- USCIB is committed to free trade and a global rules-based trade 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.
- USCIB supports policies that promote global trade and establish a level playing field for U.S. business while ensuring that open trade and investment delivers the widest benefit to people and communities here at home.
- USCIB supports investment protections for foreign direct investment that include 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 of treatment, discriminate against or break binding commitments to American investors.
- USCIB believes that U.S. prosperity depends on global engagement and the U.S. government playing a leading role in the international organizations to support their mission and to shape the rules for doing business around the world. National security should not be used as an economic safeguard.
- USCIB believes that the national security exception should remain narrowly focused and should be deployed deliberately and carefully against important trading partners.
- USCIB supports efforts to ensure U.S. trade agreements reflect the most up-to-date standards needed to address new opportunities and challenges and to negotiate new trade and investment agreements bilaterally, regionally and multilaterally that effectively open global markets for U.S. business.
- USCIB rejects the argument that bilateral trade deficits alone are a measuring stick for evaluating trade agreements and believes that a managed trade approach to U.S. trade policy is harmful to U.S. companies and economic growth and development. We do not support withdrawal or threats to withdraw from any of the trade agreements to which the U.S. currently is a party.

- USCIB believes that, as the government opens markets, it needs policies and programs that support U.S. workforce competitiveness by preparing U.S. workers for future employment opportunities and helping them adjust to rapidly changing demands for adapting to technological change.
- USCIB believes the role of the World Trade Organization (WTO) is vital in bringing together countries to reach agreements on further opening global trade and constitutes the cornerstone of our rules-based trading system. USCIB recognizes and supports the need for reform in implementing important updates and improvements to the WTO's structure and operations insofar as such improvements incentivize rather than disincentivize global trade.
- USCIB believes that we must work with business groups in other countries to align and amplify advocacy in support of the global rules-based trade and investment system. As the U.S. industry representative to the International Chamber of Commerce (ICC), Business at OECD (BIAC), and the International Organization of Employers (IOE), we are uniquely positioned to coordinate with the full range of international business groups.
- USCIB believes that U.S. competitiveness is increasingly restrained by “behind the border” regulations and policies that discriminate against fair foreign competition and will work to make cross-border regulatory coherence a top priority in government-to-government negotiations and dialogue.
- USCIB supports tax systems that foster cross-border trade, investment and growth. Tax systems should also reduce double taxation and tax disputes, which requires countries to agree on applicable principles. Tax systems should not be discriminatory, nor should they single out certain sectors for differential treatment.
- USCIB recognizes that digital trade is now fundamental to dramatically impacting the way companies do business around the world and supports a strong digital agenda and policies that facilitate the growth in trade of digital goods and services, especially for MSMEs. We oppose policies and regulations that create barriers to digital trade, such as restrictions on cross-border data flows, requirements to store data locally, unilateral tax measures that discriminate against digital firms, and the application of customs duties and other processes on cross-border electronic transmissions.
- USCIB supports strong, effective, and reliable protections for intellectual property (IP) rights that promote creativity and innovation consistent with U.S. law.
- USCIB supports a strong services trade agenda that could generate significant economic growth and jobs through broader and deeper services trade liberalization.

USCIB Action Plan for 2019 on Trade and Investment

The year 2019 will be an important one for continuing the process of modernizing existing trade and investment agreements and initiating negotiations for new agreements that will open opportunities for American businesses to access global markets. **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.** 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.

In working with the 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 where needed, rather than withdraw from them, and work to advance negotiations for strong, pro-competitive trade and investment agreements going forward.

USCIB is encouraged by the conclusion of a trilateral agreement between the United States, Mexico and Canada on the modernization of NAFTA. The USMCA contains provisions updating 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. **At the same time, the agreement includes provisions in areas such as investment protection and government procurement that represent a step backward and should not be viewed as models for future free trade agreements.** With respect to the customs related provisions in the agreement, we will encourage all three parties to implement the agreement at the high standard it is intended, and refrain from walking back existing policies that represent significant trade facilitation for US companies. **Overall, USCIB will support Congressional approval of USMCA in 2019.**

By 2030, two-thirds of all middle-class consumers in the world will be in Asia, so the region is a critical growth market for many U.S. companies. **We support the Administration's plans to negotiate a trade agreement with Japan and encourage both parties to commit to making the agreement comprehensive, covering both goods and services, as well as all sectors. We will also be urging them to pursue similar efforts with members of the Comprehensive and Progressive Agreement for Trans-Pacific Partnership (CPTPP) as well as other countries in the region to ensure that American goods and services companies have open and fair access to the markets in the Asia-Pacific.** Allowing other nations (including some with very different economic systems and priorities) to 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 CPTPP which will now come into effect and give companies in those countries competitive advantages over U.S. companies. We will also work through APEC to maintain connections with business and governments in the region and pursue initiatives that can improve market access and greater regulatory compatibility for our member companies. As APEC considers a post-2020 vision to advance further economic integration and inclusive growth across the region, U.S. leadership in shaping the next chapter for APEC is very important.

China presents great opportunities and great challenges for U.S. business. Unfair and discriminatory trade practices, including forced technology transfer practices, foreign investment restrictions, and other protectionist policies instituted under the guise of cybersecurity, significantly disadvantage and weaken the global competitiveness of U.S. companies. Further, Chinese government support for state-owned enterprises is tilting the competitive playing field against U.S. companies. A more open and balanced trade relationship could produce significant benefits for both countries and a new initiative to establish a meaningful U.S. – China dialogue could facilitate moving towards that goal. USCIB does not believe that the Administration's

imposition of tariffs under the 301 action is the best way to address issues with China and that it has raised costs for U.S. companies and consumers. **We will continue to urge the Administration to develop a comprehensive strategy working with other countries for pressing China to further open its markets and eliminate the proliferating Chinese policies aimed at hindering access in a framework that maintains stability in the relationship and does not undermine current successful operations of U.S. companies.**

Europe is one of the largest markets in the world and the U.S.-Europe trade and investment relationship remains the largest economic bloc in the world. But significant opportunities still exist for U.S. companies to grow and expand business in the EU if remaining barriers, especially related to regulatory differences, could be addressed through trade negotiations or through some other effective format. **We support the Administration initiative to pursue comprehensive negotiations with the EU on a trade and investment agreement and urge them to move forward quickly on an agreement that will address the remaining barriers to trade between them.** Given the pending “Brexit”, we also support the groundwork that the Administration has begun in talks with the UK government for reaching a trade and investment agreement that protects the interests of U.S. companies and workers impacted by Brexit. We hope that quick progress can also be made in completing an agreement with the UK in parallel with the EU negotiations.

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 U.S. free trade agreements (FTAs) which contain important measures to foster services trade and investment. 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 21st 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.

USCIB will seek to offer thought leadership on the importance of opening global markets for U.S. trade and investment. We will also explore the policies needed to ensure that workers are prepared for and can find new employment opportunities in a competitive U.S. economy. It will be essential that the government provides the tools and framework to ensure that the U.S. has a workforce ready to compete and succeed in the 21st century economy. Related to this, we will look at the best policies for enhancing U.S. competitiveness through improving sustainable infrastructure, developing effective retraining and adjustment programs, implementing smarter, science-based, and more coherent regulatory policies, and strengthening the rule of law. **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.**

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.** One key element in effective

investment agreements is a strong enforcement mechanism that ensures 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 Agenda 2019 will also focus on leveraging our unique international network to support work at the WTO aimed at opening markets either multilaterally or plurilaterally. In the case of the WTO Trade Facilitation Agreement (TFA) we will support robust implementation by all countries. We are also encouraged by progress made by the Joint Statement on Electronic Commerce Group and welcome negotiations to update the WTO's digital trade framework, including support for a permanent ban on the application of customs duties and other customs processes on electronic transmissions for all WTO members. At the same time, we recognize the need for the WTO to adapt to the changing global environment and will support reforms to the WTO structure and operations that will enhance its ability to effectively open global markets and set fair rules for the international trading system. Improvements in areas such as the dispute resolution system, better implementing of requirements related to country reporting and notification on regulations that impact trade and addressing the structural issues that are impeding the organization's ability to move forward on market opening negotiations are needed. USCIB will support efforts to reform issues related to special and differential treatment as well as enforcement. More regular dialogues with business, leveraging the Global Dialogue on Trade and other similar platforms, are important initiatives to consider the future of the multilateral trading system.

USCIB will continue to oppose policies that handicap U.S. trade and investment. **We look forward to working with the U.S. Administration and Congress to tackle such areas of concern 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, it will be increasingly important for us to 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), Business at 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 implement the right policies and eliminate protectionist measures. The USCIB Trade and Investment Agenda 2019 sets out our framework for engaging policymakers and persuading them to take the right steps.

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