



UNITED STATES COUNCIL FOR INTERNATIONAL BUSINESS

## **2020 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 while establishing a level playing field for U.S. companies, removes barriers and unfair trade practices that undermine Americans' jobs and delivers the widest benefit to people and communities here at home.
- USCIB believes the role of the World Trade Organization (WTO) is vital in bringing together countries to reach much-needed agreements on global trade and constitutes the cornerstone of our rules-based trading system. USCIB recognizes and supports the need for reform to the WTO's structure and operations that will improve its effectiveness and promote global trade and investment.
- USCIB supports protections for foreign direct investment that include strong enforcement mechanisms to ensure U.S. investors have access to an independent rules-based arbitration system when foreign governments expropriate their assets, ignore international minimum standards of treatment, discriminate against them 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 international organizations to support their mission and to shape the rules for doing business around the world.
- USCIB recognizes that digital trade is now fundamental to the way all companies do business around the world and supports a strong digital agenda and policies that facilitate trade of digital goods and services, especially for MSMEs, as well as the free flow of data. We oppose policies and regulations that create barriers to trade and investment 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 believes that Congress should fully exercise its Constitutional role in determining U.S. trade policies, in implementing trade agreements, and in oversight of the

enforcement of trade agreements. Congress should make clear, with safeguards, its intentions when delegating authority to the Executive for regulating trade. Congress should exercise its role in foreign commerce to ensure U.S. policies are balanced and effective.

- USCIB believes that to the extent national security is invoked with respect to trade matters it should be narrowly focused, fact based and not as a pretext to avoid WTO rules and procedures.
- USCIB strongly supports the negotiation of comprehensive, high-standard trade agreements that cover the fullest possible range of sectors and issues to achieve open markets for American companies. We are concerned that recent agreements that cover only limited sectors establish a bad precedent for future negotiations and fail to address barriers confronting other sectors of the economy.
- USCIB supports efforts to ensure that 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 and ensure a level playing field for U.S. business. We do not support withdrawal or threats to withdraw from any of the trade agreements to which the U.S. currently is a party in the absence of a carefully-considered determination by both Congress and the Executive that a trade agreement is no longer in the overall interest of the United States.
- 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 urge the U.S. Administration to utilize all the assets available for engagement with foreign governments and civil society to address human rights concerns, including child labor and forced labor, rather than taking unilateral action that puts the entire onus on American companies' supply chains and leaves workers in vulnerable situations.
- USCIB believes that we need policies and programs that support U.S. workforce competitiveness by preparing U.S. workers for future employment opportunities and helping them adjust to changing skills demands and technological change.
- USCIB believes that business stakeholders globally should cooperate on advocacy efforts 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, as well as market access for U.S. goods and services, is increasingly restrained by discriminatory and non-transparent "behind the border" regulations and policies and will work to make cross-border regulatory coherence and cooperation 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 or punitive treatment.

- USCIB supports strong, effective and reliable protections for intellectual property (IP) rights that promote creativity and innovation consistent with U.S. law and that are adequately enforced.
- 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 2020 on Trade and Investment**

The year 2020 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 to ensure 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 procedures, 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 and pro-innovation trade and investment agreements going forward.

USCIB members are concerned about the increasing use of import restrictions and unilateral tariffs to pursue U.S. trade objectives in a manner that undercuts the global competitiveness of U.S. companies. At the same time our members face growing tariffs, restrictive regulations and other new barriers to doing business in China and elsewhere. U.S. companies are being pressed to restructure global supply chains in ways that will disadvantage them in relation to their foreign competitors who are not facing similar impediments to trade. **The U.S. should continue to hold its trading partners, including China, accountable for complying with their international obligations and vigorously pursue a level playing field overseas, but in doing so must avoid policies that undermine U.S. industry competitiveness.** Similarly, with respect to export controls and sanctions, we support a narrowly tailored approach that achieves national security objectives without walling off U.S. industry from global talent and global trade.

**USCIB is encouraged by the conclusion of the agreement between the United States, Mexico and Canada on the modernization of NAFTA and the approval of the agreement by the House of Representatives.** 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. It also recognizes 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 goods and services. **At the same time, the agreement includes provisions in areas such as investment protection, IP protection and government procurement that represent a step backward and should not be viewed as models for future free trade agreements. Overall, USCIB supports USMCA as negotiated and urges the Senate to approve it as soon as possible.**

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. **While the digital agreement reached with Japan is positive, we strongly urge the Administration to follow through on a second phase agreement that will be more comprehensive and more ambitious in scope.** We will also be urging the Administration to move forward quickly with efforts to reach agreements 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.

**Alternatively, the Administration should reconsider joining the CPTPP as a more effective and comprehensive way to support American competitiveness in this critical region.**

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 has now come into effect and gives 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 welcomed the phase one agreement reached in December that addresses some of the issues with China while reducing some of the tariffs imposed by the U.S. But we will continue to press the U.S. government to reach a comprehensive agreement that compels China to eliminate its barriers and practices that impede U.S. companies and removes the U.S. tariffs.** We continue to believe that the Administration's imposition of tariffs under the Section 301 action is not the best way to address issues with China. The tariffs and the subsequent retaliation have raised costs for U.S. companies and consumers and undermined the global competitiveness of our companies. **We will 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 efforts to pursue comprehensive negotiations with the EU on a trade and investment agreement. We urge them to move forward quickly on an agreement that will address the remaining barriers to trade between them and establish regulatory cooperation mechanisms for preventing**

**future barriers.** This should also include a negotiated resolution of the longstanding Boeing-Airbus dispute as well as the threat of tariffs on EU autos.

USCIB has opposed the French digital services tax and other similar taxes because they discriminate against U.S. corporations; as taxes on gross revenue, they over tax companies with losses or lower profit margins; and they violate income tax treaties and other international agreements. **We continue to believe that a multilateral agreement on the international allocation of taxing rights that taxes companies on net income and avoids double taxation is the best solution to the problem of the taxation of the digitalizing economy.**

Once “Brexit” is resolved and the UK has independent negotiating authority, **USCIB supports plans by the Administration for reaching a comprehensive, high-standard trade and investment agreement with the UK that protects and promotes the interests of U.S. companies and workers.** A US-UK negotiation offers the opportunity for a comprehensive and progressive agreement that can set new and important standards and commitments for free flow of trade and investment, including mutual recognition of standards and regulations across many sectors such as the financial sector. It is also an opportunity to promote risk- and science-based approaches to regulation and establish regulatory cooperation mechanisms to prevent barriers to trade, while maintaining high levels of protection for human health and safety and the environment. We hope that quick progress can be made in completing an agreement.

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 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.

**USCIB will 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 21<sup>st</sup> 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. Likewise, we will work to discourage other countries from instituting non-WTO compliant retaliatory measures**

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. In that regard, we urge reviving negotiation of bilateral investment agreements that have gone dormant in recent years. We also continue to oppose the creation of a one-sided, state-dominated multilateral investment court.** 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 their assets, ignore international minimum standards, discriminate against them or break binding commitments to American investors.

**In 2020 we will continue to leverage our unique international network to support work at the WTO aimed at opening markets either multilaterally or plurilaterally.** We are 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 support reforms to the WTO structure and operations that will enhance its ability to effectively open global markets, set fair rules for the international trading system and reflect the members' agreed-upon obligations. Improvements are needed in areas such as the dispute resolution system and better implementation of required reporting and notification on regulations that impact trade. Addressing the structural issues that are impeding the organization's ability to move forward on market opening negotiations are also needed. USCIB supports efforts for reform in 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 pursue in shaping 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 and burdensome regulations**
- **non-transparent and narrow regulatory practices**
- **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**
- **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 our members 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 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 2020 sets out our framework for engaging policymakers and persuading them to take the important steps needed to maintain and improve the global trade and investment system.

1/10/20