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Peter Friedmann's View from Washington, DC: Buffeted by change

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Change is happening so fast around here, it's unprecedented. The pace only appears to be picking up!

On the trade front, we haven't seen such a deluge of major trade policy decisions, of such scope, impact and velocity, as we have over the past 18 months.

First, after six years of negotiations, the US drops out of the TransPacific Partnership. It is not quite right to blame (or credit, depending on your point of view) the President alone for this, as TPP did not have anywhere close to a number of votes it needed to pass Congress. Nonetheless it was a shock to our Pacific Rim trading partners when we slammed the door.

NAFTA negotiations continue even under threats to walk away from the 25 year agreement. Whether a negotiation strategy or a sincere willingness to shut down NAFTA (and the trillions of dollars of trade between the US, Canada and Mexico each year), remains unclear

Next up, steel and aluminum tariffs; while the primary targets are China and Korea, the announcement proposed tariffs of 25%, regardless of source country. Immediately the European Union compiled a retaliation list of exports from the United States that might concern Members of Congress. For instance, Europe would slap duties of 25% on Bourbon from Kentucky, the home state of Senate Majority Leader Mitch McConnell. And rice, cranberries, sweetcorn and other targeted agricultural exports that are of constituent interest to congressional leaders. The President has also announced that countries could come to the United States with proposals as to how they would reduce their own existing tariffs against the United States in return for an exemption from the steel and/or aluminum tariffs. A number of countries are coming forward to plead their case. First was Canada and Mexico, our NAFTA partners. The president acquiesced, providing an exemption as long as progress is being made towards favorable resolution of issues of concern to him in the NAFTA negotiations. The European Union has come forward to explain why it should not be subjected to the steel duties; so has Brazil. Whether those supplicants offer something adequate to convince the President they deserve an exemption, remains to be seen.

And if this uncertainty was not enough, the President has this week announced intention to impose draconian duties on imports from China, under the long-established section 301 process -- designed to protect US companies from intellectual property abuse. Clearly China is a massive violator of international intellectual property principles. It mandates technology transfer of companies such as Apple, Boeing, Google and automobile makers who wish to manufacture or sell in China. Counterfeit goods, drugs, electronics, and just about everything else, continue to flow into the US from China

While all agree 'something' must be done, the reality has many alarmed. In addition to the obvious injury to US retail when import duties increase the cost of retail goods imported from China, the possibility of retaliation has our exporter community very much on edge. China is the largest consumer of United States exports. In agriculture and forest products, virtually everything the United States produces can be sourced somewhere else in the world. As we've seen during periods when our maritime ports have ceased operations, China and our other trading partners are able to quickly pivot to other countries including from Holland, Germany, Poland, Turkey, Australia, New Zealand, virtually all of Latin America, and Canada, all of which are all too eager to supply the food, farm and fiber that China usually purchases from us.

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Speaking of Asia, we have to contemplate a summit between our President and the leader of North Korea. Absolutely unprecedented and unexpected, but breathtaking in audacity, this meeting will have the world worlds eyes riveted.

Right inside the White House, the staff turnover seems to be accelerating and must be debilitating. The departure of aides within the White House, generally unknown and unseen, but critical to keep the wheels of the executive branch operational, may be creating more strain than the public can see or appreciate. More visible is the removal of the Director of the Federal Bureau of Investigation, the Secretary of State, and appointment of a new Director of the CIA. Changing the leadership of any one of these institutions would constitute a massive change this early in a President's first term. But changing all three at once is, once again --- simply unprecedented.

Just because it's unprecedented, such as his proposed meeting with North Korea's leader, does not necessarily mean it's a bad thing. But where it's all leading has many people nervous. Politicians may like to promise change, but this city doesn't really like change at all.