Economic Commission for Latin America and the Caribbean

ECLAC OFFICE IN **WASHINGTON, D.C.**

United States - Latin America and the Caribbean Trade Developments 2020

UNITED NATIONS

ECLAC

Thank you for your interest in this ECLAC publication

Please register if you would like to receive information on our editorial products and activities. When you register, you may specify your particular areas of interest and you will gain access to our products in other formats.

Register

UNITED NATIONS

ECLAC

www.cepal.org/en/publications

facebook.com/publicacionesdelacepal

www.cepal.org/apps

This document was prepared by Raquel Artecona, Economic Affairs Officer, under the supervision of Inés Bustillo, Director, ECLAC Washington Office. Rex Garcia-Hidalgo, Senior Statistical Assistant, and Daniel Perrotti, Research Assistant, provided inputs to this document.

United Nations Publication
LC/WAS/TS.2020/5

Printed at United Nations, Santiago

Contents

Contents

Tables

Figures

Abstract

United States Trade Developments 2020 provides an overview of selected developments in United States trade relations with Latin America and the Caribbean and of measures that inhibit the free flow of goods among countries in the Western Hemisphere. This is an annual report elaborated by the ECLAC Washington Office. This year's report has a special focus on the effects of the COVID-19 pandemic on trade related issues.

The measures taken to contain the spread of the new coronavirus affected significantly the supply of goods and services, due to the interruption of production and distribution, as well as global demand due to the loss of income. Restrictions on movement and social distancing have directly affected transport, travel, and tourism, all industries directly linked to trade in services. The effects on trade flows were further magnified by restrictions imposed on trade of critical medical supplies and pharmaceutical products and potentially food products.

In the United States, total trade in goods and services fell from US$2,820 billion in the first semester of 2019 to US$2,403 billion in 2020. Exports of goods and services fell about 15.6% from US$1,251 billion to US$1,060 billion and imports decreased 14%, from US$1,569 billion to US$1,342 billion. Following a sharp decline in April, trade leveled off in May and started to recover in June.

United States trade with Latin America and the Caribbean was hit especially hard during the pandemic. While total trade in goods with the world fell by 14% in the first half of the year, trade with the region fell 21%. South America was the sub-region most affected (22%) followed by North America (21%). This can have significant consequences for the economic recovery of the region that is confronting its worse economic downturn in history.

The report provides information on the early impact of the COVID-19 pandemic on U.S. trade and migration flows, supply chains as well as some of the restrictions to the movement of people, goods, services and foreign direct investment that were adopted in response to the pandemic.

Introduction

United States Trade Developments 2020 provides an overview of selected developments in United States trade relations with Latin America and the Caribbean and of measures that inhibit the free flow of goods among countries in the Western Hemisphere. This is an annual report elaborated by the ECLAC Washington Office. This year's report has a special focus on the effects of the COVID-19 pandemic on trade related issues. It aims to provide information on the early impact of the COVID-19 pandemic on U.S. trade and migration flows, supply chains as well as some of the restrictions to the movement of people, goods, services and foreign direct investment that were adopted in response to the pandemic.

The global pandemic has significantly affected several industries worldwide as whole sectors of the economies have been shut down with the corresponding interruption in the supply of goods and services. Massive layoffs and loss of income have also seriously disrupted global demand. Restrictions on movement and social distancing have directly affected transport, travel, and tourism, all industries directly linked to trade in services. The effects on trade flows are further magnified by restrictions imposed on trade of critical medical supplies and pharmaceutical products and potentially food products.

Trade had already been slowing since 2018, owing to, among other, a rise in protectionist policy in some countries, the United State-China trade tensions and relatively low world economic growth. The coronavirus pandemic furthered the slowdown into a fall. The World Trade Organization (WTO) expects that global trade in merchandise will fall in 2020 between 13% and 32%, and that 2021 trade will rebound, the strength of which is highly dependent on the success in controlling the COVID-19 outbreak and the effectiveness of the economic policies implemented to deal with the devastating economic consequences of the pandemic.

In the United States, total trade in goods and services fell from US$2,820 billion in the first semester of 2019 to US$2,403 billion in 2020. Exports of goods and services fell about 15.6% from US$1,251 billion to US$1,060 billion and imports decreased 14%, from US$1,569 billion to US$1,342 billion. Following a sharp decline in April, trade leveled off in May and started to recover in June.

United States trade with Latin America and the Caribbean was hit especially hard during the pandemic. While total trade in goods with the world fell by 14% in the first half of the year, trade with the region fell 21%. South America was the sub-region most affected (22%) followed by North America (21%). This can have significant consequences for the economic recovery of the region that is confronting its worse economic downturn in history.

China, where the new coronavirus disease originated, was the first country to go into lockdown in January. As a result, U.S. trade in goods with China fell significantly in the first months of 2020, but it has since recovered to the 2019 figures. Exports of goods reached US$8.9 billion in December 2019, fell to US$6.8 billion in February 2020 but started to recover as soon as China's economy restarted in March. By June U.S. exports of goods to China had reached US$9.2 billion. U.S. import of goods from China suffered a more significant fall from US$34.3 billion in December 2019 to US$19.7 billion in March but rapidly recovered afterwards, reaching US$37.6 billion in June.

The COVID-19 pandemic sparked the resort to export restrictions. According to WTO records, at least 80 countries introduced export prohibitions or restrictions as a result of the COVID-19 pandemic. Most of these have been described as temporary measures. The products covered by these new export prohibitions and restrictions vary considerably; most have focused on medical supplies (e.g. facemasks and shields), pharmaceuticals and medical equipment (e.g. ventilators), but others have extended the controls to additional products, such as foodstuffs and toilet paper.

In the United States, exports restrictions involved critical medical supplies and equipment.

The COVID-19 pandemic brought considerable attention to the vulnerability of supply chains to this kind of crisis. On the one hand, when the industrial production process is broken down in several segments, each of one allocated in a different country and responsible to produce a small portion of the final product, any disruption to trade flows will affect the supply of the final product. This is particularly true if the value chain is concentrated geographically since a shock to the region affects the world supply of that product. In addition, when supply chains are regionally integrated like the automotive industry in North America, actions taken by the national governments to address a public health issue need to be coordinated among countries to prevent the disruptions of the supply chains. The medical supply chain, the North-American automotive chain and the food supply chain are good examples of the vulnerability of supply chains.

Foreign direct Investment is also expected to fall this year. United Nations Conference on Trade and Development (UNCTAD) expects a fall by between 30% and 40% in global FDI flows. As part of their response to the COVID-19 crisis, governments have adopted several new FDI-related policy measures. The new measures mainly revolve around the approval and screening procedures for new FDI.

The United States and China reached a trade deal (Phase One Trade Deal) that went into effect in mid-February 2020 and brought a truce to the escalation in trade tensions that characterized the relationship between the two largest economies of the world in the previous two years. However, tensions have been escalating recently over technological dominance and competition, geopolitical challenges and human rights issues.

The United States, Mexico and Canada (USMCA) trade deal entered into force on 1 July 2020.

I. United States trade flows

The nature of the measures taken to control the spread of the new coronavirus disease have hit trade flows particularly hard. United States trade has not been the exception, and trade with Latin America and the Caribbean has been particularly affected with potential significant consequences for the region.

A. Trade in goods and services

In the first half of 2020, exports of goods and services fell from US$1,251 billion to US$1060.2 billion (15.2%) and imports from US$1569.1 to US$1342.8 (14.4%). As a result, the trade deficit fell US$35 billion or 11% (see Table 1).

Table 1
U.S. International Trade in Goods and Services, seasonally adjusted*, 2018, 2019, 2020
(in billion dollars)

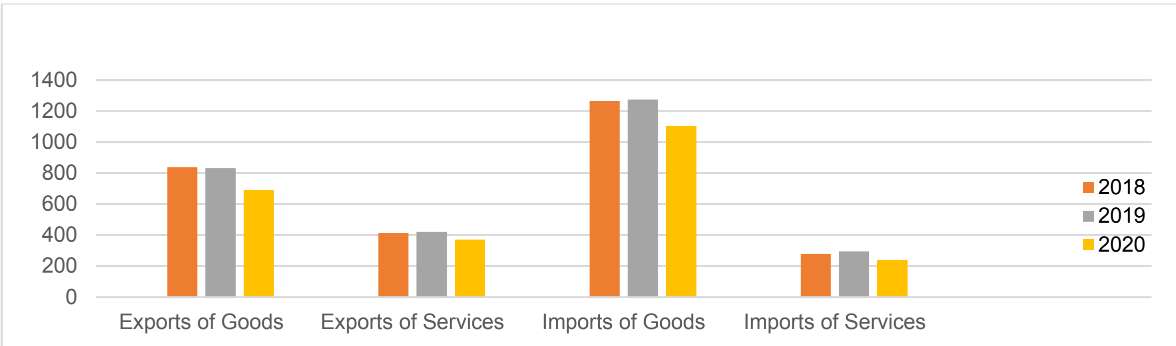
	Balance			Exports			Imports		
	Total	Goods	Services	Total	Goods	Services	Total	Goods	Services
Jan-Jun									
2018	-293.1	-427.1	134.0	1,251.3	837.8	413.5	1,544.4	1,264.9	279.5
2019	-318.1	-442.6	124.4	1,251.0	830.8	420.1	1,569.1	1,273.4	295.7
2020	-282.5	-448.1	131.9	1,060.2	690.0	370.7	1,342.8	1,103.7	239.1
Change in billions of dollars	35.7	-5.5	7.5	-190.7	-140.8	-49.5	-226.3	-169.7	-56.6
Percentage change 2020-2019	-11.2%	1.2%	6.1%	-15.2%	-17.0%	-11.8%	-14.4%	-13.3%	-19.1%

Note: * Data figures do not coincide with those of Tables 1 and 2 were data was not seasonally adjusted.

Source: ECLAC on the basis of Bureau of Economic Analysis, Exhibit 1

Imports of services and exports of goods and were the most affected, a 19% and a 17% fall, respectively (Figure 1)

Figure 1
U.S. Trade in Goods and Services, Jan-Jun 2020
(in billion dollars)



Source: ECLAC on the basis of Bureau of Economic Analysis, Exhibit 1

The fall in trade in goods was driven by the fall in automotive vehicles and parts, capital goods, and consumer goods. In the first half of the year, exports of automotive vehicles and parts fell US$28 billion or 34.4 %, exports of capital goods US$46 billion or 16.8% and exports of consumer goods fell US$23 billion or 22.3%. Imports of automotive vehicles and parts fell US$62.7 billion or 32.8%, imports of consumer goods fall US$40.2 or 12.2% and imports of capital goods fell US$35.1 billion or 10.3% (see Table 2).

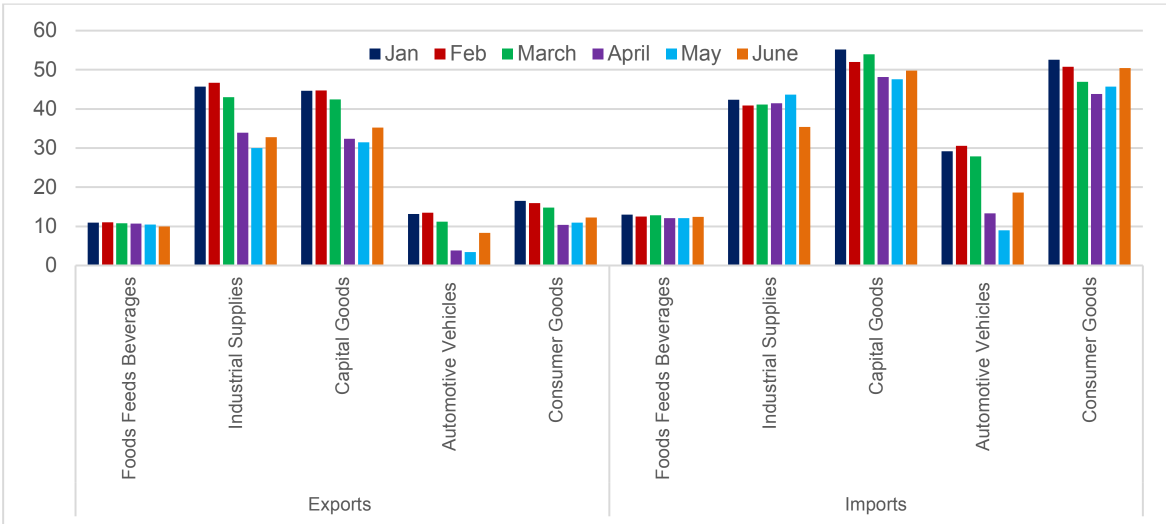
Table 2
U.S. trade in goods by principal end-use category
(in billion dollars)

	Exports						Imports					
	Foods, Feeds, Beverage	Ind. Supplies	Capital Goods	Auto. Vehicles	Consumer Goods	Other Goods	Foods, Feeds, Beverage	Ind. Supplies	Capital Goods	Auto. Vehicles	Consumer Goods	Other Goods
Jan-Jun												
2019	65.8	264.7	277.5	81.4	104.0	31.9	75.3	265.1	341.7	191.3	330.3	57.2
2020	63.9	232.0	230.9	53.4	80.9	29.1	74.9	244.8	306.6	128.6	290.1	51.4
Change in billion dollars	-1.9	-32.6	-46.6	-28.0	-23.2	-2.8	-0.3	-20.3	-35.1	-62.7	-40.2	-5.7
Percentage change	-2.9%	-12.3%	-16.8%	-34.4%	-22.3%	-8.7%	-0.4%	-7.7%	-10.3%	-32.8%	-12.2%	-10.0%

Source: ECLAC on the basis of Bureau of Economic Analysis, Exhibit 6

Monthly figures show that exports of industrial supplies, goods and exports fell sharply from February to May, probably due to the decrease in imports from China which economy shutdown in January. The fall in imports of automotive parts and vehicles is related to the shutdown of China's economy and that of Mexico, the two major suppliers of the United States.

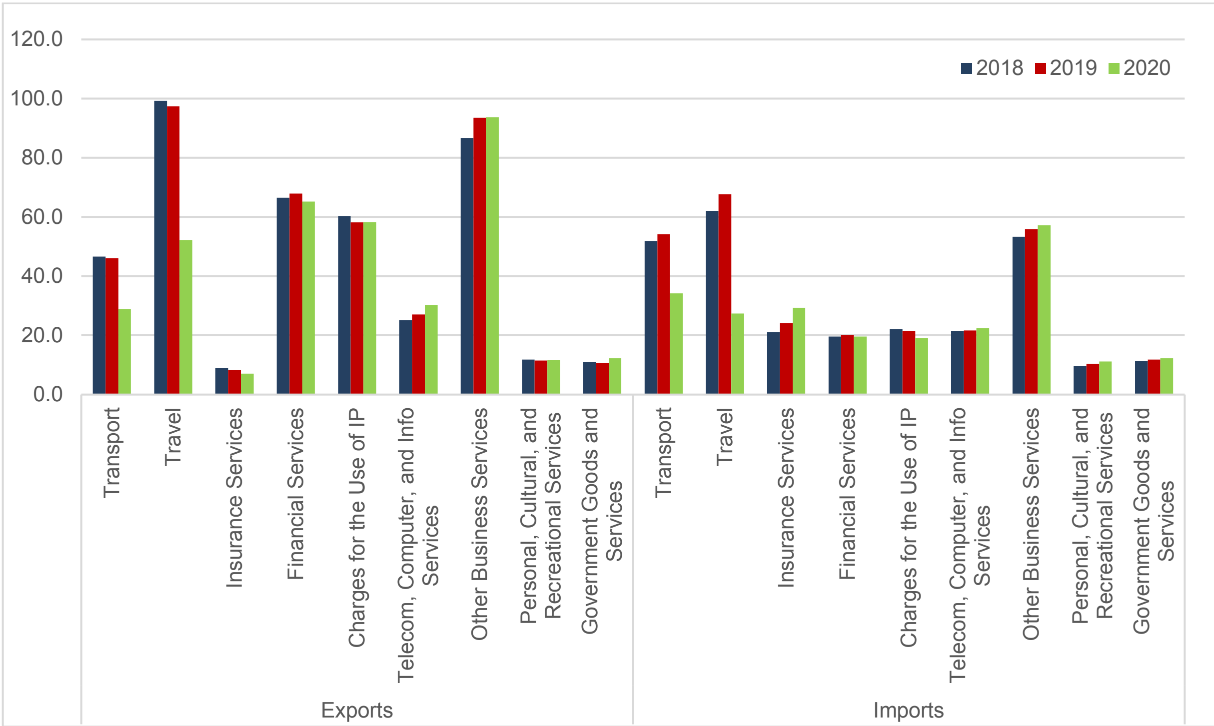
Figure 2
U.S. trade in goods by principal end-use category, monthly figures
(in billion dollars)



Source: ECLAC on the basis of Bureau of Economic Analysis, Exhibit 6

The fall in trade in services was driven by those services directly related to the lockdown, U.S. exports of transport services fell 37.5% in the first six months of 2020 from US$46.1 billion in 2019 to US$28.8 billion in 2020, exports of travel services fell 46.3% in the same period—from US$97.4 to US$52.3 billion. Imports of travel services fell 59.7% with respect to the same period last year –from US$67.7 to US$27.3 billion and imports of transport services fell 36.9%, from US$54.2 billion to US$34.2 billion.

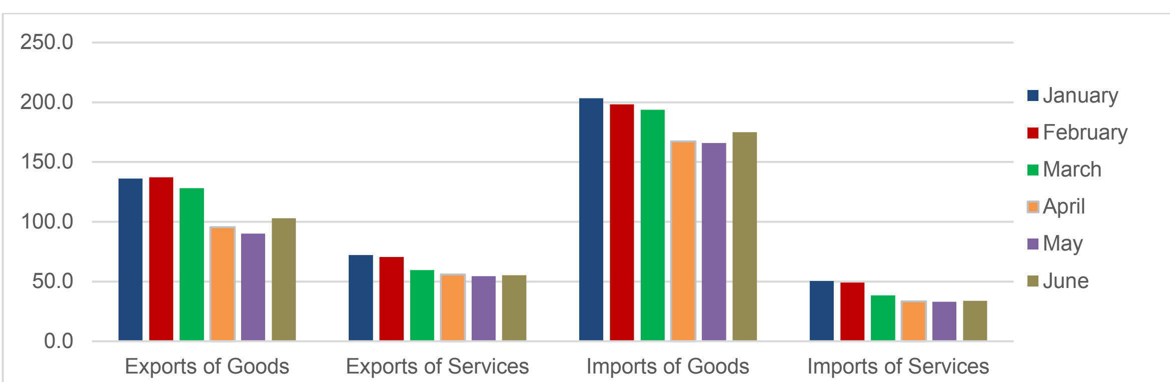
Figure 3
US trade in services by category, first semester, 2018, 2019, 2020
(in billion dollars)



Source: ECLAC on the basis of Bureau of Economic Analysis, Exhibits 3 and 4.

Monthly figures show that U.S. trade started falling in March (see Figure 4) when the economic activity began to be limited due to the outbreak of the coronavirus pandemic that closed many businesses or limited their operating capacity and restricted the movement of travelers across borders. Trade fell sharply in April but leveled off in May when States started to gradually reopen their economies and grew in June. Both exports and imports of goods and services and trade grew in June (see Figure 4).

Figure 4
Monthly trade in goods and services, 2020
(in billion dollars)



Source: ECLAC on the basis of the Bureau of Economic Analysis, Exhibit 1

Exports and imports declined sharply in April and continued to fall in May, although at a much slower pace. In June both exports and imports began to grow again. U.S. exports of goods decreased to US$95.5 billion in April from US$128.1 billion in March, a 25% decrease and to US$90 billion in May, an additional 6% fall. In June, they grew US$13 billion or 14%. Exports of services decreased by 6.5%, from US$59.6 billion to US$55.8 billion between March and April and to US$54.4 billion in May, an additional 2% fall. In June they grew by US$1billion or 1.6%. The decline in exports of goods was driven by a decline in exports of capital goods, in industrial supplies and materials, and automotive vehicles, parts and engines. The decrease in exports of services was due to the fall in travel and transport associated with the restrictions in the movement of travellers and the decline in the economic activity due to COVID-19.

Imports of goods and services also decreased significantly in the month of April, around 13% each, but showed a less than a 1% fall in May and a 5% increase in June. Imports of goods decreased from US$193.7billion in March to US$167.4billion in April and to US$166 billion in May, rising US$9 billion in June to US$175 billion. Imports of services went from US$38.5 billion in March to US$33.3 billion in April and to US$33.1 billion in May and rose to US$33.9 billion in June. The decrease in imports of goods was mainly due to a decrease in automotive vehicles, parts, and engines, in capital goods, and in consumer goods.

B. Balance of trade

The United States registered a trade deficit of US$391.1 billion, US$ 21.2 billion lower relative the same period last year. Almost a third of that, or US$132billion, corresponds to the trade deficit with China. The second largest trade deficit is with Mexico, equivalent to US$45billion as shown in Table 3.

Table 3
United States Balance of Trade Top 15 Partners
(in billion dollars)

Rank	Country	Balance of Trade	Exports	Imports	Total Trade	Percentage of total trade
1	Canada	-7.1	119	126.1	245.1	16.6%
2	Mexico	-45.1	99	144.1	243.1	16.4%
3	China	-131.7	49.5	181.2	230.7	15.6%
4	Japan	-23.8	33.2	57	90.2	6.1%
5	Germany	-26.9	27.6	54.5	82.1	5.5%
6	Korea, South	-10.3	26.3	36.6	62.9	4.2%
7	United Kingdom	4.9	29.7	24.8	54.5	3.7%
8	Switzerland	-33.9	7.2	41.1	48.3	3.3%
9	Taiwan	-12.5	15.2	27.7	42.8	2.9%
10	Vietnam	-27.9	5.1	33	38.1	2.6%
12	Ireland	-28.2	4.4	32.6	37	2.5%
11	Netherlands	9.2	22.8	13.6	36.4	2.5%
13	India	-9.5	13.1	22.6	35.7	2.4%
14	France	-5.3	14.8	20.1	34.8	2.4%
15	Italy	-12.8	10	22.8	32.8	2.2%
	Total all countries	-391.1	687.1	1078.2	1765.3	100.0%
	Total top 15	-360.9	476.9	837.8	1314.7	74.5%

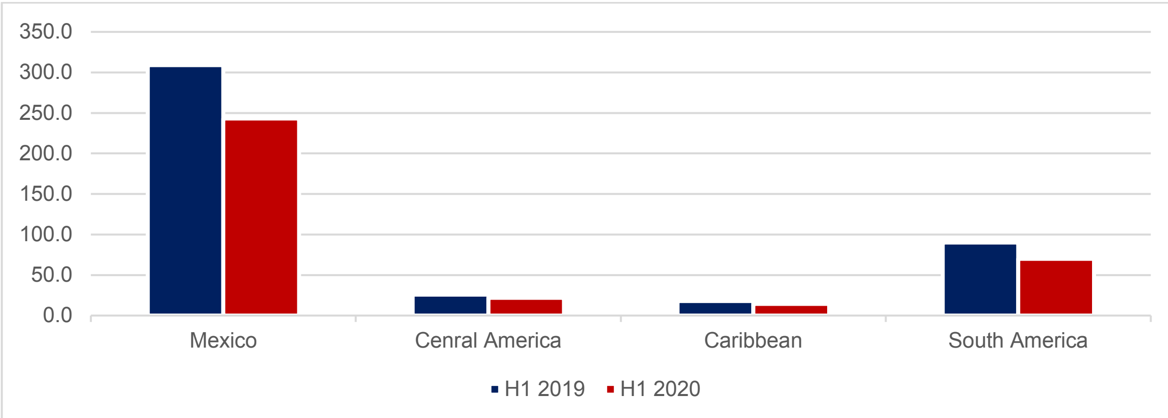
Source: ECLAC on the basis of Bureau of Economic Analysis, supplemental Exhibit 4. Data is not seasonally adjusted.

C. Trade with Latin America and the Caribbean

The decline in economic activity in the United States has direct effects in the region. One of the primary channels of transmission is through trade flows. Not surprisingly, U.S. trade with the region showed a sharp decline from January to June 2020. In the first half of the year, total U.S. trade with Latin America and the Caribbean declined from US$442 billion in 2019 to US$349 billion in 2020, a 21% fall. Exports of goods and services declined by US$40 billion while imports fell US$49 billion. This resulted in an improvement in the trade balance with the region (see Table 3).

South America was the sub-region that suffered the largest percentage drop, falling 22.3%. This is mostly driven by an 78% fall in trade with Venezuela, 29% with Argentina and 25% with Bolivia. U.S. trade with the Caribbean fell 19.1% and with Central America the decline was 15%. U.S. trade with Mexico fell 21%.

Figure 5
U.S. trade with Latin America and the Caribbean (exports plus imports) by sub-region, H1 2020, 2019
(in billion dollars)



Source: ECLAC on the basis of Bureau of Economic Analysis. Exhibit 4 and 4 a.

Due to the nature of the containment measures—closure of borders, travel bans and quarantine measures, the tourism industry has been severely affected both in the United States and in the region, particularly in the Caribbean. Among countries where inbound tourism represents more than a quarter of total GDP, there are several countries from the region—Antigua and Barbuda, Saint Lucia, St. Kitts and Nevis, St. Vincent and the Grenadines, Belize and Bahamas.

The U.S. runs a trade surplus with the large majority of Latin America and the Caribbean countries (Table 3). Mexico is the second top U.S. trade partner in the world and first in the region, trading US$243.1 billion worth of goods in the first half of 2020. The U.S. ran a US$45 billion deficit during the same period. Brazil is the second top trade partner in the region with US$28.2 billion worth of goods, a little more of one tenth of that of Mexico, and Chile is the third with US$11.8 billion. The U.S. run a trade surplus with both Brazil and Chile of US$6.2 billion and US$ 1.2billion, respectively.

Table 4
Trade with Latin America and the Caribbean, Jan-Jun 2020, 2019
(in billion dollars)

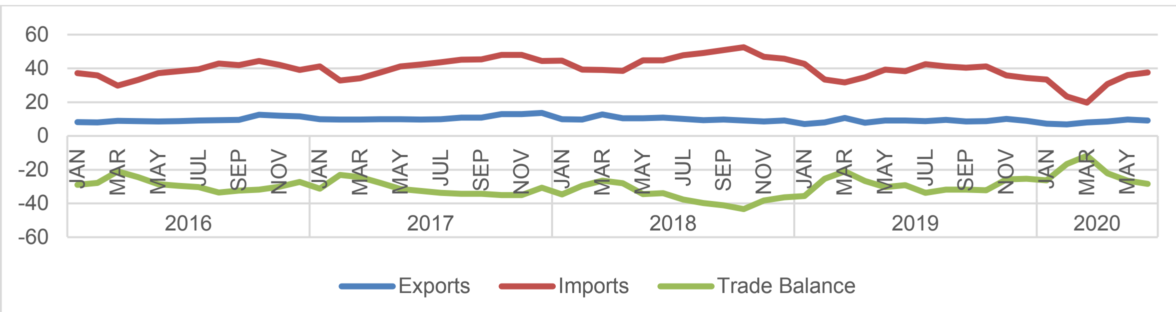
	Jan-Jun2020				Jan-Jun2019			
	Balance	Exports	Imports	Total Trade	Balance	Exports	Imports	Total Trade
North America	-52.04	218.07	270.11	488.18	-59.34	278.04	337.39	615.43
Canada**	-7.02	119.03	126.05	245.09	-9.34	148.57	157.91	306.48
Mexico**	-45.02	99.03	144.06	243.09	-50.01	129.47	179.48	308.96
South America	11.30	40.61	29.31	69.92	10.72	50.38	39.65	90.03
Argentina	0.94	2.89	1.95	4.84	1.83	4.36	2.53	6.88
Bolivia	0.01	0.19	0.18	0.37	0.03	0.27	0.23	0.50
Brazil	6.15	17.17	11.01	28.18	5.17	20.68	15.52	36.20
Chile*	1.19	6.53	5.34	11.87	1.83	7.42	5.59	13.01
Colombia*	1.09	6.31	5.22	11.53	-0.24	7.49	7.73	15.22
Ecuador	-0.62	2.16	2.78	4.94	-0.34	2.82	3.16	5.98
Paraguay	0.47	0.54	0.07	0.61	1.04	1.11	0.07	1.18
Peru*	1.22	3.63	2.42	6.05	1.92	4.68	2.76	7.45
Uruguay	0.44	0.70	0.25	0.95	0.49	0.75	0.26	1.02
Venezuela	0.40	0.49	0.09	0.57	-1.01	0.79	1.80	2.59
Central America	4.26	13.02	8.77	21.79	5.20	15.42	10.22	25.64
Costa Rica**	0.49	3.02	2.53	5.55	0.59	3.13	2.54	5.67
El Salvador**	0.52	1.28	0.76	2.04	0.50	1.69	1.18	2.87
Guatemala*	0.97	2.92	1.95	4.87	1.23	3.28	2.05	5.33
Honduras**	0.19	1.90	1.71	3.62	0.34	2.74	2.39	5.13
Nicaragua**	-0.98	0.67	1.64	2.31	-0.98	0.87	1.85	2.72
Panama*	3.06	3.24	0.18	3.41	3.51	3.72	0.21	3.93
Caribbean	4.92	9.62	4.70	14.32	6.29	12.01	5.72	17.73
Antigua and Barbuda	0.17	0.17	0.00	0.17	0.24	0.25	0.01	0.25
Bahamas	1.30	1.45	0.15	1.60	1.57	1.75	0.18	1.93
Barbados	0.22	0.24	0.02	0.26	0.26	0.29	0.02	0.31
Belize	0.17	0.19	0.02	0.20	0.19	0.21	0.03	0.24
Cuba	0.07	0.09	0.01	0.10	0.18	0.18	0.00	0.18
Dominica	0.07	0.07	0.00	0.07	0.10	0.10	0.00	0.10
Dominican Republic**	1.36	3.66	2.30	5.97	1.91	4.66	2.74	7.40
Grenada	0.04	0.05	0.01	0.06	0.05	0.06	0.01	0.06
Guyana	0.06	0.33	0.27	0.59	0.29	0.36	0.07	0.43
Haiti	0.29	0.64	0.35	0.99	0.18	0.70	0.52	1.21
Jamaica	0.71	0.89	0.18	1.07	1.14	1.34	0.20	1.54
St Kitts and Nevis	0.04	0.07	0.03	0.09	0.06	0.09	0.02	0.11
St Lucia	0.43	0.43	0.00	0.44	0.43	0.43	0.01	0.44
St Vincent and the Grenadines	0.03	0.03	0.00	0.04	0.06	0.06	0.00	0.06
Suriname	-0.01	0.15	0.15	0.30	0.14	0.19	0.05	0.24
Trinidad and Tobago	-0.03	1.18	1.20	2.38	-0.50	1.36	1.86	3.22
Total Latin America and the Caribbean	-24.55	162.29	186.84	349.13	-27.80	207.28	235.07	442.35
Total World	-391.05	687.13	1078.18	1765.30	-412.24	822.94	1235.18	2058.13

Source: ECLAC on the basis of Bureau of Economic Analysis, Exhibit 4S.

D. Trade with China

U.S. trade in goods with China fell significantly in the first months of 2020 but has since recovered to almost the 2019 figures (Figure 6). Exports of goods reached US$8.9 billion in December 2019, fell to US$6.8 billion in February 2020 but started to recover as soon as China's economy restarted in March. By June U.S. exports of goods to China had reached US$9.2 billion. U.S. import of goods from China suffered a more significant fall from US$34.3 billion in December 2019 to US$19.7 billion in March but rapidly recovering afterwards, reaching US$37.6 billion in June. U.S. trade balance with China in June had increased to US$28.4 billion after falling to US$11.8 billion in March surpassing the US$25.4 billion observed in December 2019.

Figure 6
U.S. trade in goods with China, monthly figures, 2016-2019
(in billion dollars)



Source: ECLAC on the basis of data downloaded from USITC DATAWEB on July 21 2020 and corresponds to Import for Consumption (Customs Value) and Total Exports (FAS).

The U.S. had a surplus in services with China of US$36.4 billion in 2019, the last year for which data is available. The U.S. exported US$56.5 billion worth of services to China and imported US$20.1 billion worth of services from China, exhibiting no significant changes in the last three years.

Table 5
U.S. trade in services with China
(in billion dollars)

	Exports	Imports	Balance
2017	55.0	18.0	37.0
2018	57.1	19.1	38.0
2019	56.5	20.1	36.4

Source: ECLAC on the basis of Bureau of Economic Analysis (Table 2.3 of U.S. Trade in Services, by country and type, 10 July 2020).

Travel is the main service exported to China, representing about 51.4% of total U.S. exports of services to China in 2019 and US$29.5 billion. Almost 87.8% of that travel is personal travel (US$25.5 billion) of which 62.5% or US$15.9 billion are related to exports of education services. At a very distant second, is charges in the use of intellectual property rights with US$7.4 billion worth of exports.

Transport is the main service imported from China at US$5.7 billion, followed by travel US$3.7 billion) and financial services US$1.1 billion.

Table 6
U.S. trade in services with China, by service category
(in million dollars)

	Exports			Imports		
	2017	2018	2019	2017	2018	2019
Maintenance and repair services n.i.e.	1250	1667	1405	270	280	347
Transport	5457	5701	5546	5396	6028	5663
Travel (for all purposes including education)	29560	29524	29047	3786	3709	3657
Business	4158	3960	3550	1270	1201	1106
Personal	25402	25564	25497	2516	2508	2551
Health related	130	165	192	8	8	8
Education related	14756	15176	15937	253	264	283
Other personal travel	10516	10224	9368	2255	2236	2260
Construction	36	25	52	5	6	3
Insurance services /2/	585	334	223	399	654	461
Financial services	4027	4676	4781	803	934	1092
Charges for the use of intellectual property n.i.e.	7406	8071	8144	272	250	298
Telecommunications, computer, and information services	1134	1471	1524	859	780	509
Other business services	3590	3912	4087	5262	5691	7185
Personal, cultural, and recreational services	1451	1170	1229	835	699	846
Government goods and services n.i.e.	485	510	500	108	80	79
Total	54981	57061	56538	17995	19111	20140

Source: ECLAC on the basis of Bureau of Economic Analysis (Table 2.3 of U.S. Trade in Services, by country and type, 10 July 2020)

E. China's FDI to the United States

During 2019 China's FDI to the U.S. reached US$ 37.7 billion, representing 0.8% of the total FDI to the U.S. This amount reflected an increase of 12.3% of China's FDI to the U.S. compared with the previous year. In contrast, the Asia and Pacific region increased their FDI to the U.S. by 22.4% in the same period.

Figure 7
China's FDI to the U.S.
(in millons dollars)

Source: ECLAC on the basis of Bureau of Economic Analysis.

The industry composition of China's 2019 FDI to the U.S. reflects that most of it went to other industries and retail trade (46.7%), followed by wholesale trade (16.9%), and manufacturing (16.5%).

Table 7
China's FDI to the U.S., by industry, 2019
(in percentages)

Manufacturing	16.5%
Wholesale Trade	16.9%
Information	6.0%
Depository Institutions	7.0%
Finance (except depository institutions) and insurance	1.2%
Real estate and rental and leasing	5.7%
Professional, scientific, and technical services	0.0%
Other Industries and Retail Trade	46.7%

Source: ECLAC on the basis of Bureau of Economic Analysis

II. Supply chains

The coronavirus pandemic disrupted supply chains across the economy and exposed its dependency on critical medical equipment, personal protective gear, and pharmaceuticals from abroad. It also highlighted the need to coordinate health emergency measures with North American neighbors to avoid disruption to integrated economies, and for food supply chains to be made more resilient to ensure food safety in the United States. As a result, the United States Trade Representative (USTR) has called for a post-pandemic industrial policy that could include increased tariffs and subsidies to reshore certain supply chains (Lighthizer, The Economic Club of New York, 4 June 2020).

The medical, automotive, and food supply chains exhibited severe disruptions as illustrated below.

A. The medical supplies and equipment value chain

The health crisis that started in China at the beginning of 2020, reduced exports from the Asian country and, among other effects, led to shortages of critical medical supplies worldwide and in the United States, in particular. China is a major global supplier of personal protective equipment (PPE), medical devices, antibiotics, and active pharmaceutical ingredients (API) (Sutter, 2020).

Shortages have been deepened by the spike in the global demand of these products as the COVID-19 pandemic spread worldwide, and restrictions were placed on exports of critical products in the fight against the novel coronavirus by several countries. Analysts and industry groups have also pointed to the role of tariffs in diminishing U.S. imports of health and medical products from China, contributing to the shortage of medical equipment. Tariffs on these products had been raised starting in September 2019 in the context of U.S.-China trade tensions.

The U.S. trade response to the COVID-19 crisis has revolved around reducing its dependence on foreign production of medical supplies through diversification of supply chains and of taking measures to promote domestic production of critical medical supplies and equipment. The U.S. also joined a host of other countries in restricting exports of medical supplies starting 10 April 2020.

(i) On 17 March, the United States Trade Representative (USTR) approved the exclusion of surgical masks and disposable respirators from the list of products imported from China subject to ad valorem duties in the context of the U.S.-China trade dispute. U.S. tariffs had been penalizing U.S. imports of surgical masks and disposable respirators from one of the world's largest suppliers.

(ii) President Trump formally invoked the Defense Production Act (DPA) to fill the gaps between medical supplies to fight the COVID-19 pandemic. On 2 April, the U.S. Administration invoked the DPA to require 3M to prioritize orders from the Federal Emergency Management Agency (FEMA) for N95 respirators. Concurrently, President Trump requested that 3M increase the number of respirators imported from its overseas operations, China among others, into the United States. The Administration also requested that 3M cease exporting respirators currently manufactured in the United States to Canada and Latin American countries – in 2019, 34% of the 3M U.S. production of N95 was exported to Canada and 30% to Mexico. This last request was later dropped. Several of the largest car companies including General Motors, Ford, Fiat-Chrysler, Tesla have also switched operations from car production to masks, ventilators, and face shields production. At the end of July, KODAK received a US$765 million United States International Development Finance Corporation (DFC) loan under the Defense Production Act, to help expedite domestic production of drugs that can treat a variety of medical conditions and release the U.S. reliance on foreign sources.

(iii) On 7 April, FEMA issued a temporary final rule published in the Federal Register Notice of 10 April 2020 (see new 44 CFR 328.102(a)), "Prioritization and Allocation of Certain Scarce or threatened Health and Medical Resources for Domestic Use". The temporary final rule established that some medical equipment needed to combat COVID-19 cannot be exported from the U.S. without "explicit approval" from FEMA. This rule would be effective from 10 April 2020 to 10 August 2020 and applied only to "designated materials" including filtering facepiece respirators (*e.g.* those designated as N95, N99, N100, R95, R99, R100, or P95, P99, P100); elastomeric, air-purifying respirators and appropriate particulate filters/cartridges; PPE surgical masks; and PPE gloves or surgical gloves. This new U.S. export restriction means FEMA could limit what companies like 3M can sell to hospitals in Canada and Mexico.

(iv) On 14 April, the U.S. Export-Import Bank announced new temporary restrictions – through 30 September 2020 – on financing U.S. exports of scarce medical supplies, including respirators, masks, gloves, Tyvek suits, face shields and similar protective wear needed to fight the COVID-19 pandemic. According to authorities of the U.S. EX-IM bank, financing for medical equipment exports is a small part of the overall financing portfolio – less than 1%.

(v) The Coronavirus Aid, Relief, and Economic Security (CARES) Act (P.L. 116-136), includes several provisions that seek to enhance the understanding of U.S. medical supply chain dependencies (Sutter, 2020), including:

- expand drug shortage reporting requirements;
- require certain drug manufacturers to draw up risk management plans;
- require the U.S. Food and Drug Administration (FDA) to maintain a public list of medical devices that are determined to be in shortage; and

– direct the National Academies of Science, Engineering, and Medicine to conduct a study of pharmaceutical supply chain security.

1. COVID-19 related medical supplies, equipment and pharmaceutical products

On April 6, the Senate Finance Committee and the House of Representatives Ways and Means Committee asked the U.S. International Trade Commission (USITC) to identify the goods that are relevant to responding to the COVID-19 crisis.

The report identified 112 product lines at the harmonized tariff standardization 10-digit (HTS-10) reporting numbers classified in 7 categories: COVID-19 test kits/testing instruments; disinfectants and sterilization products; medical imaging, diagnostic, oxygen therapy, pulse oximeters, and other equipment; medicines (pharmaceuticals); non-PPE medical consumables and hospital supplies; personal protective equipment; and other.

This section follows the USITC's classification of COVID-19 related products to describe U.S. international trade in medical supplies, equipment as well as pharmaceutical products[1].

The U.S. runs a trade deficit in COVID-19 related products2. In 2019, the trade deficit amounted to almost US$60 billion as compared to US$8 billion 15 years ago.

Table 8
U.S. Covid-19 related trade
(in billion of dollars)

	2005	2010	2015	2019
Imports	20.72	30.93	45.72	105.32
Exports	12.57	22.02	23.36	46.39
Trade Balance	-8.15	-8.91	-22.36	-58.93

Source: ECLAC on the basis of USITC Dataweb.

[1] Trade in medical supplies, equipment and medicines is much broader than what is considered in this section.

[2]Chad P. Brown of the Peterson Institute of International Economics has identified a set of HTS6 codes that best reflect the medical supply and equipment products that are in short demand as a result of the COVID-19 pandemic. Although there is some overlap with those identified in the USITC report, they are not identical. Sutter, 2020 also identified HS-6 medical supplies, equipment and pharmaceutical products.

China is the second top U.S. supplier of COVID-19 related products, after Ireland. Mexico and Canada are the fourth and fifth, respectively.

Table 9
Top 10 country sources of Covid-19 related products
(in billion dollars)

	2005	2010	2015	2019
Ireland	2.11	1.07	4.82	14.17
China	2.99	5.61	8.19	12.32
Germany	1.50	1.72	2.28	12.23
Mexico	2.90	4.56	5.81	8.79
Canada	1.38	2.18	2.42	6.04
Belgium	0.40	0.83	1.18	5.95
Switzerland	0.28	0.47	0.78	5.08
Singapore	0.30	0.36	0.96	4.18
Japan	1.39	1.69	2.11	4.15
United Kingdom	1.28	1.51	1.38	3.42

Source: ECLAC on the basis of USITC Dataweb

OECD countries are the main suppliers of COVID-19 related pharmaceutical products to the U.S. India and Singapore are the only non-OECD countries among the top 10 suppliers.

Table 10
Top 10 country sources of medicines (pharmaceutical) COVID-19 related
(in billion dollars)

	2005	2010	2015	2019
Ireland	0.03	0.02	3.21	6.4
Belgium	0.35	0.77	1.09	5.12
Switzerland	0	0.01	0.04	2.67
Germany	0.08	0.14	0.17	2.6
Canada	0.31	0.72	0.6	2.44
India	0.16	0.32	0.6	2.11
Singapore	0	0	0	1.96
South Korea	0	0	0	1.33
Denmark	0	0	0.01	1.14
United Kingdom	0.43	0.6	0.36	1.07

Source: ECLAC on the basis of USITC dataweb

The U.S. depends on global and hemispheric supply chains. In many cases, the production facilities of high quality, safe PPE are in nearby Central America, the Caribbean, and Mexico. As the U.S looks to health care through a national security lens and revaluates the benefits and costs of diversifying sources of supply, new opportunities could open for countries in Latin America and the Caribbean to export to the U.S. market.

Within Latin America and the Caribbean, Mexico, Costa Rica, Brazil and the Dominican Republic are the main sources of COVID-19 products to the United States. These four countries represent 98% of the region's exports to the United States.

Table 11
U.S. imports from LAC countries of COVID-19 related products
(in million dollars)

	2005	2010	2015	2019
Mexico	2898.39	4558.58	5806.74	8793.62
Costa Rica	436.06	576.76	1168.42	1692.72
Dominican Rep	498.58	649.24	867.86	1008.62
Brazil	88.47	353.71	510.98	422.15
Honduras	65.57	68.35	97.74	96.17
Uruguay	0.55	0.83	28.87	43.28
Guatemala	12.39	7.37	20.05	28.38
Colombia	11	18.97	37.41	25.89
Nicaragua	0.83	1.2	3.74	13.51
El Salvador	1	1.82	3.56	7.64
Argentina	2.96	5.16	3.42	6.5
Panama	0.52	0.07	0.19	6.05
Chile	3.53	2.31	2.81	6.01
Ecuador	0.43	2.88	1.01	3.8
Peru	1.17	0.85	4.34	2.84
Haiti	1.5	0.32	0.77	1.29
Paraguay	0.1	0.06	0.64	0.45
Venezuela	3.78	0.39	0.14	0.35
Jamaica	0.16	4.26	0.41	0.22
Trinidad & Tobago	1.08	0.07	0.05	0.2
St Lucia	3.69	2.34	0	0.18
Bahamas	0	0.01	0.05	0.14
Bolivia	0.01	0.05	0.1	0.13
Dominica	0.8	0.2	0.03	0.1
Grenada	0.07	0	0	0.04
St Vincent & Grenadines	0	0	0	0.02
Antigua Barbuda	0	0	0	0.01
Barbados	0.06	0.15	0.01	0.01
Guyana	0	0	0.01	0.01
St Kitts-Nevis	0.02	0	0.04	0.01
Suriname	0	0	0.01	0.01
Belize	0.01	0.01	0	0
Total	4032.72	6255.98	8559.39	12160.33

Source: ECLAC on the basis of USITC dataweb

Mexico and Brazil are the main suppliers of COVID-19 medicines to the United States.

Table 12
U.S. imports of COVID-19 related medicines from LAC countries
(in million dollars)

	2005	2010	2015	2019
Mexico	0.52	0.38	0.43	91.16
Brazil	0	22.7	49.06	47.59
Colombia	0	0	0	3.05
Argentina	0	0	0	0.58
Costa Rica	0	0	0.17	0.57
Guatemala	0	0	0	0.16
Honduras	0	0	0	0.06
Dominican Republic	0.98	0	0	0
Total	1.50	23.08	49.67	143.19

Source: ECLAC on the basis of USITC dataweb

Table 13
US imports of pharmaceutical and antibiotics from LAC, by countries
(in billion dollars)

Country	2005	2010	2015	2019
Mexico	0.31	0.25	0.30	0.50
Brazil	0.06	0.16	0.19	0.18
Dominican Rep	0	0.01	0.01	0.04
Argentina	0	0	0.01	0.01
Colombia	0	0	0	0.01
El Salvador	0	0	0	0.01

Source: ECLAC on the basis of USITC dataweb

B. The North-American automotive supply chain

The global and North American automobile supply chain has been severely affected by the pandemic. China is a major supplier of parts to auto plants around the world – shipping nearly US$ 35 billion of parts in 2018 (COMTRADE data). About US$ 20 billion of Chinese made parts were exported to the United States that year, according to the U.S. International Trade Administration. While some of those parts go to auto parts retail stores, a large percentage of them go to assembly lines and are used to build cars, therefore affecting the North American supply chain. It is estimated that the spread of the coronavirus will negatively impact between 16% and 45% of North American auto companies' production.

Mexico's auto distributors association AMDA expects sales of all new vehicles made in the country to drop by at least 25.5% in 2020 to reach some 982,000 vehicles – or more than 330,000 units less than the previous year – which would also be similar to figures during the 2009 financial crisis. The Mexican Automotive Industry Association AMIA estimates that the automotive industry makes up about 4% of the country's gross domestic product and generates nearly 1 million direct jobs.

Since NAFTA, the United States-Mexico-Canada Agreement (USMCA) precursor, entered into force 26 years ago, automobile production has been strongly linked among the three countries party to the agreement (Canada, Mexico and the United States) through supply chains. When COVID-19 struck, measures taken at different points in time by the governments of the three countries to contain the spread of the pandemic and protect the health of workers halted production in several activities, including operations in the auto sector. The closely interconnected supply chains were disrupted, highlighting the need to coordinate health emergency measures among the three governments.

The automobile sector was given extra time to adjust to the new rules of origin for the sector embedded in the USMCA, which entered into force 1 July. The auto sector needs more time in part because the COVID-19 has caused temporary closure of some production facilities while others have switched operations from the production of cars to the production of medical equipment.

Regional content rules in the USMCA will require 75% North American content for light vehicles compared to 62.5% under NAFTA and 40% content for such cars from areas that reach a certain wage threshold ("high wage" areas). This is to be phased in over three to four years, but automakers must certify compliance with the initial requirements when the agreement takes effect.

The U.S. automobile industry is hoping some changes can be made to the uniform regulations, agreed upon on 3 June among the three countries party to the agreement for the USMCA before the trade deal takes effect. The uniform regulations outline the rules of origin for the USMCA, including the complex rules for autos. The regulations provide the details on the calculations to be used for regional content value and the records that must be kept by automakers to prove they comply. The regulations provide a six-month transition period from the July 1 implementation date to the end of this year.

Table 14 includes information on several actions taken by the top car makers in the United States On 8 April 2020, the United States Department of Health and Human Services issued the first contract to General Motors of US$ 489 million to build 30,000 ventilators under the Defense Protection Act.

Table 14
Selected Actions by Auto Industry

	Status	Date of Closure	Date of Re-opening	Re-opened to Other Manufacturing	Furloughed Employees	Number of Employees*
General Motors	Open	19-Mar	18-May	Ventilators and PPE**	50,000	86,400
Ford Motor Company	Open	19-Mar	18-May	Ventilators and PPE	50,000	85,000
Toyota Motor Corporation	Open	23-Mar	11-May		5,000	136,000
Fiat-Chrysler (FCA)	Open	18-Mar	18-May	Face Mask Production	50,000	77,000
Honda Motor Company	Open	18-Mar	11-May		14,000	27,000
Nissan Motor Company	Closed	20-Mar	Indefinite		10,000	22,000
Hyundai-Kia Auto Group	Open	30-Mar	5-May			31,000
Subaru Corporation	Open	29-Mar	18-May			5,300
Volkswagen Group	Open	17-Mar	18-May			8,000
Mazda	Open	24-Mar	1-Jun			20,000
Tesla	Open	23-Mar	18-May	Face Mask Production		48,000
BMW Group	Open	29-Mar	4-May		11,000	11,000
Volvo	Open	26-Mar	11-May			17,000

Source: ECLAC on the basis of a collection of newspaper articles, industry specific publications and periodic trade publications.

C. The food supply chain

Food supply chains have also been severely affected by the pandemic. As restaurants, hotels and schools closed, U.S. farmers found it difficult to redirect their produce where the buyers were and even when they did, conditions were not adequate to absorb most of it. Retailers saw a spike in demand for food products as most meals were now being prepared at home, but that was not enough to absorb the perishable products that were meant for schools and other businesses. Even food banks and Meals on Wheels programs, which have been overwhelmed with demand, do not have the number of refrigerators or volunteers to absorb the surplus. At some point, Dairy Farmers of America, the largest dairy cooperative in the United States, estimated that farmers were dumping as many as 3.7 million gallons of milk each day.

Moreover, many meat processing plants were forced to temporarily close after several workers tested positive for COVID-19. This contributed to an increased pressure in the supply of food to the domestic market, in particular, meat supply. The food processing industry is very vulnerable to the new coronavirus outbreak as employees work in close proximity to one another. Compounding this issue was the lack of enough testing that left untested potentially infected workers, precipitating the infection's spread.

The list of major meat processors that have had to shut down plants includes Smithfield Foods that processes about 5% of the U.S.' pork production, JBS USA, the world's largest meat processor, Cargill's facility in Pennsylvania where it produces steaks, ground beef and ground pork, and Tyson's pork plant in Iowa.

In this context, the Department of Agriculture (USDA) announced the Coronavirus Food Assistance Program (CFAP). The program includes two major elements:

(i) Direct Support to Farmers and Ranchers: The program will provide US$ 16 billion in direct support based on actual losses for agricultural producers where prices and market supply chains have been impacted and will assist producers with additional adjustment and marketing costs resulting from lost demand and short-term oversupply for the 2020 marketing year caused by COVID-19.

(ii) USDA Purchase and Distribution: USDA will partner with regional and local distributors, whose workforce has been significantly impacted by the closure of many restaurants, hotels, and other food service entities, to purchase US$ 3 billion in fresh produce, dairy, and meat. The distributors and wholesalers will then provide a pre-approved box of fresh produce, dairy, and meat products to food banks, community and faith-based organizations, and other non-profits serving Americans in need.

On top of these targeted programs USDA announced it would utilize other available funding sources to purchase and distribute food to those in need. Direct Assistance to Farmers and Ranchers through the Coronavirus Food Assistance Program (CFAP).

1. Direct Assistance to Farmers and Ranchers through the Coronavirus Food Assistance Program (CFAP)

The containment of the spread of Covid-19 brought along the closure of restaurants, hotels, and other food service entities such as schools and recreational centers, disrupting the national food supply industry. Unable to find alternative distribution routes for their products, farmers were suddenly faced with tons of crops that were ripe but not worth harvesting and an oversupply of produce that goes to waste quickly. Milk loads were also not processed due to low demand for dairy products and logistical problems.

To help keep United States' farmers and ranchers afloat while market demand returns as the country and the world reopens and recovers, on 19 May 2020 the U.S. Department of Agriculture announced the details of the Coronavirus Food Assistance Program (CFAP). The CFAP will provide up to US$16 billion in direct payments to deliver relief to producers of agricultural commodities who have suffered a five percent-or-greater price decline due to COVID-19 and face additional significant marketing costs as a result of lower demand, surplus production, and disruptions to shipping patterns and the orderly marketing of commodities.

This direct support to farmers and ranchers if financed through the Coronavirus Aid, Relief, and Economic Stability (CARES) Act (US$9.5 billion) and the Commodity Credit Corporation Charter Act (US$6.5 billion). The former compensates farmers for losses due to price declines that occurred between mid-January 2020, and mid-April 2020 and provides support for specialty crops for products that had been shipped from the farm between the same time period but subsequently spoiled due to loss of marketing channels. The latter compensates producers for losses due to on-going market disruptions.

Included in CFAP are non-specialty crops (malting barley, canola, corn, upland cotton, millet, oats, soybeans, sorghum, sunflowers, durum wheat, and hard red spring wheat), wool, livestock (cattle, lambs, yearlings and hogs), dairy, and specialty crops (almonds, beans, broccoli, sweet corn, lemons, iceberg lettuce, spinach, squash, strawberries and tomatoes, among others). The program specifies how the direct payment for farmers or ranchers in each group is calculated.

CFAP has a limit of US$250,000 per person or entity for all commodities combined. Corporations, limited liability companies or limited partnerships may face additional payment limits where members actively provide personal labor or personal management for the farming operation. Producers will also have to certify they meet the Adjusted Gross Income limitation of $900,000 unless at least 75% or more of their income is derived from farming, ranching or forestry-related activities. Some dairy farmers and processors have received assistance through programs administered by the Small Business Administration, including the Economic Injury Disaster Loan (EIDL) program, the EIDL Advance program, and the Paycheck Protection Program.

In addition to this direct support to farmers and ranchers, the U.S. Department of Agriculture (USDA)'s Farmers to Families Food Box program is partnering with regional and local distributors to purchase US$3 billion in fresh produce, dairy, and meat and deliver boxes to people in need.

2. Fisheries assistance

On 7 May, 2020, the U.S. Department of Commerce announced the allocation of US$300 million in fisheries assistance funding provided by Sec. 12005 of the CARES Act, to states, Tribes, and territories with coastal and marine fishery participants who have been negatively affected by COVID–19. U.S. fisheries support 1.7 million jobs and generate US$200 billion in annual sales.

Fishery participants eligible for funding include Tribes, commercial fishing businesses, charter/for-hire fishing businesses, qualified aquaculture operations, processors, and other fishery-related businesses. To figure out eligibility and apply for these funds, they should work with their state marine fisheries management agencies, territories, or Tribe. The following table shows how these funds were allocated.

Table 15
Summary of Allocations*
(in dollars)

Entity	Allocation	Entity	Allocation	Entity	Allocation	Entity	Allocation
Alaska	50,000,000	New Jersey	11,337,797	Pennsylvania	3,368,086	South Carolina	1,525,636
Washington	50,000,000	Texas	$9,237,949	Alabama	3,299,821	Delaware	1,000,000
Massachusetts	28,004,176	New York	6,750,276	Rhode Island	3,294,234	Puerto Rico	1,000,000
Florida	23,636,600	North Carolina	5,460,385	New Hampshire	2,732,492	United States Virgin Islands	1,000,000
Maine	20,308,513	Federally Recognized Tribes on the West Coast	5,097,501	American Samoa	2,553,194	Federally Recognized Tribes in Alaska	1,000,000
California	18,350,586	Virginia	4,520,475	Georgia	1,921,832	Guam	1,000,000
Oregon	15,982,827	Hawaii	4,337,445	Connecticut	1,835,424	Commonwealth of the Northern Mariana Islands	1,000,000
Louisiana	14,785,244	Maryland	4,125,118	Mississippi	1,534,388	Total	300.000.000

Note: * Final award amounts will be different due to other assessments.

Source: ECLAC on the basis of NOAA (https://www.fisheries.noaa.gov/feature-story/commerce-secretary-announces-allocation-300-million-cares-act-funding)

In addition, the Administration introduced in May 2020 an Executive Order to increase the United States' competitiveness in the seafood industry and protect its seafood supply chain. This order instructs agencies to expand sustainable seafood production in the United States, including furthering more efficient and predictable aquaculture permitting processes, accelerating regulatory reform to maximize commercial fishing, and upholding common-sense restrictions on seafood imports that do not meet U.S. standards. President Trump also announced the availability of US$ 300 million to support fishermen and related businesses hurt by the coronavirus.

III. Covid-19: trade, migration and investment restrictions

In addition to the growing number of trade prohibitions and restrictions, which some countries have introduced to mitigate critical shortages at the national level, restrictions have been introduced to the movement of people across borders, to control the spread of the virus, and to foreign investments.

A. Trade restrictions

7 April 2020 FEMA issued a temporary final rule published in the Federal Register Notice of 10 April 2020 (see new 44 CFR 328.102(a)), "Prioritization and Allocation of Certain Scarce or threatened Health and Medical Resources for Domestic Use". The temporary final rule established that some medical equipment needed to combat COVID-19 cannot be exported from the U.S. without "explicit approval" from FEMA. This rule would be effective from 10 April 2020 to 10 August 2020 and applied only to "designated materials" including filtering facepiece respirators; elastomeric, air-purifying respirators and appropriate particulate filters/cartridges; PPE surgical masks; and PPE gloves or surgical gloves. This new U.S. export restriction means FEMA could limit what companies like 3M can sell to hospitals in Canada and Mexico.

14 April 2020 The U.S. Export-Import Bank announced new temporary restrictions – through 30 September 2020 – on financing U.S. exports of scarce medical supplies, including respirators, masks, gloves, Tyvek suits, face shields and similar protective wear needed to fight the COVID-19 pandemic. According to authorities of the U.S. EX-IM bank, financing

for medical equipment exports is a small part of the overall financing portfolio – less than 1%.

2 June 2020 The Commerce Department initiated a Section 232 of the Trade Expansion Act of 1962 investigation into the national security implications of vanadium imports. U.S. demand for vanadium, which is mainly used as an alloy addition to iron and steel, is entirely supplied through imports. AMG Vanadium LLC, an Ohio-based vanadium refinery, and U.S. Vanadium LLC, an Arkansas-based specialty vanadium chemical producer, filed a petition in November 2019 asserting the U.S. industry was disadvantaged by low-priced imports and the "distortionary effect of Chinese and Russian industrial policies." Approximately half of the U.S. imports of vanadium oxides and hydroxides originate in Brazil.

6 August 2020 The U.S. announced its intention of imposing tariffs of 10% on some aluminum from Canada, effective 16 August. The countries had agreed in May 2019 that the U.S. would remove Section 232 tariffs on steel and aluminum from Canada and Mexico and that retaliatory duties on U.S. goods would be dropped. All parties retained the authority to re-impose sector-specific tariffs if imports surged and consultations failed. The Canadian government announce tariffs on approximately US$2.7 billion worth of U.S. aluminum and aluminum-containing products in response.

B. Foreign Investment restrictions

During the first half of 2020, many major economies tightened their foreign investment regulations amid growing concerns over the threat of predatory takeovers, particularly from China.

The United States announced that, effective 1 May 2020, certain proposed foreign investments will be subject to a filing fee of up to US$300,000 in addition to the review by Committee on Foreign Investment of the United States (CFIUS, an inter-agency committee of the U.S. Government whose mission is to protect national security). The fees apply only to what are deemed to be "covered transactions": those proposed acquisitions that may result in foreign control of a U.S. business that might pose a threat to U.S. national security.

The Foreign Investment Risk Review Modernization Act (FIRMA), which President Trump signed into law in August 2018 expanded the power of the CFIUS to review foreign investments in U.S. businesses, and authorized CFIUS to establish a filing fee for parties that notify transactions. The law left the level of this fee up to the Treasury, providing only that the fee cannot exceed the lesser of (a) 1% of the transaction value or (b)US$300,000[3]

On 6 March 2020, invoking section 721 of the Defense Production Act of 1950, President Trump ordered the divestiture of the U.S. firm StayNTouch, Inc. by the Chinese firm Beijing Shiji Information Technology Co., Ltd. citing national security concerns. The order prohibited Beijing Shiji Information Technology Co., Ltd. from acquiring StayNTouch, its ownership of any interest in StayNTouch and its assets, whether effected directly or indirectly through Beijing Shiji, or through its shareholders, partners, subsidiaries, or affiliates. Beijing Shiji Information Technology Co., Ltd., was also ordered to

[3] The fees are set at a sliding scale based on the value of the transaction that is under review. No fee is charged for any transaction worth less than US$500,000, and the fees start at US$750 for transactions valued between US$500,000 and US$4,999,999.99. Five other fee levels are set for transactions at higher levels, and the highest fees are capped at US$300,000 for transactions valued at US$750 million or more.

divest all interests in StayNTouch and that firm's "assets, intellectual property, technology, data (including customer data managed and stored by StayNTouch), personnel, and customer contracts" as well as " any operations developed, held, or controlled, whether directly or indirectly, by StayNTouch at the time of, or since, its acquisition."

StayNTouch, founded in 2013 and acquired by Shiji Group in September 2018, describes itself as a "mobile hotel property management system (PMS) company focused on developing solutions that help hotels raise service levels, drive revenues, reduce costs, and ultimately change the way hotels can captivate their guests." by streamlines operations and transforming the way front-line staff connects with guests.

C. Migration flows restrictions

Many countries either closed its borders to migrants or implemented travel bans in its attempt to control the spread of coronavirus.

Measures taken in the U.S. include restrictions and suspension of entry as immigrants or nonimmigrants of foreign nationals who were physically present within the People's Republic of China, Iran, Austria, Belgium, Brazil, Czech Republic, Denmark, Estonia, Finland, France, Germany, Greece, Hungary, Iceland, Italy, Latvia, Liechtenstein, Lithuania, Luxembourg, Malta, Netherlands, Norway, Poland, Portugal, Republic of Ireland, Slovakia, Slovenia, Spain, Sweden, Switzerland, Monaco, San Marino, Vatican City, and the United Kingdom in the 14-day period prior.

The United States reached mutual agreements with Mexico and Canada to restrict non-essential travel across its northern and southern borders[4]. The U.S. also announced that foreign nationals who cross between ports of entry or are otherwise not allowed to enter the country will be expeditiously returned, as the facilities in which they would normally be held cannot support quarantine for the time needed to assess potential cases.

The President took a series of unprecedented immigration and border restrictions. In March, President Trump authorized the U.S. Customs and Border Protection (CBP) to use his emergency public health authority, under a 1940s-era provision of U.S. law, Title 42, to bypass normal immigration proceedings and immediately expel migrants. In April, the administration announced a set of policies that tightened green card eligibility. The Department of Education issued an emergency rule on 11 June barring colleges from granting virus relief funds to foreign and undocumented students, including those protected under the Deferred Action for Childhood Arrival program (DACA). And the administration has stated that it is examining restrictions on new skilled-worker H-1B visas.

As a result, unauthorized border crossings along the U.S. southern border fell 50% in April 2020, according to figures released by federal enforcement statistics. Border authorities detained 16,039 migrants in April, down from 30,236 in March. The number of detentions at the U.S. southern border started to increase thereafter. In May, 23,197 people were apprehended and in June and July detentions increased to 32,935 and 40,746, respectively.

CBP made 14,416 expulsions in April, with U.S. agents quickly detaining, processing and returning migrants to Mexico in less than a day. Consequently, the number of detainees held in U.S. border stations dropped from more than 3,000 per day to about 100, according to CBP.

[4] These measures were implemented on 21 March 2020 and were originally in place for 30 days. However, these measures were twice extended and are currently in place until 22 June 2020.

Mexican authorities have agreed to accept expelled foreign nationals from Guatemala, El Salvador and Honduras, as well as their own citizens, and the four countries account for approximately 95% of all illegal crossings, according to CBP figures.

D. Remittances

The pandemic is expected to negatively affect remittances. The service sector, especially the services most reliant on migrant workers (hotels, restaurants, cleaning services, hair salons), has been the most affected by restrictions on movement, social distancing and temporary shutdowns. The jobs lost in those sectors will have a direct impact on remittances. In addition, migrants who manage to keep their incomes may find it difficult to send remittances to their home countries as the international transfer of money is not recognized as an essential service in most countries and banks and other agencies may be closed or operating on a reduced schedule. Despite the predictions, remittances to Mexico and Central America have increased during the pandemic. One possible explanation is that the United States government aid to legal migrants may have helped maintain and even increase the flow of remittances.

The World Bank has estimated that overall remittance flows to Latin America and the Caribbean will fall by 19.3% in 2020. The Inter-American Dialogue has estimated that remittances from the United States to Latin America and the Caribbean would fall by 16%, from US$ 76 billion in 2019 to US$ 64 billion (without calculating the damage to those directly affected by the virus).

IV. Selected United States trade negotiations

A. U.S.-China trade tensions

On 15 January 2020, the Economic and Trade Agreement Between the United States of America and the People's Republic of China: Phase One (Phase One Trade Deal) was signed, the first mark of a truce in the escalating trade tensions that have characterized the United States and China's relationship in the last couple of years.

Since 2017, the world's two largest economies have been involved in countless negotiations regarding the size of the U.S. trade deficit with China, intellectual property rights, technology transfer and currency manipulation. They engaged in a tit-for-tat tariff war, introduced foreign technology restrictions, and fought several WTO cases, leading to an escalation of U.S.-China trade tensions. As a result, the U.S. imposed tariffs on US$550 billion worth of Chinese products. China, in turn, rose tariffs on US$185 billion worth of U.S. goods. Both sides have also threatened additional measures that affect U.S. businesses operating in China.

Under the Phase One Trade Deal, the two countries agreed to the rollback of tariffs, the expansion of trade purchases, and renewed commitments on intellectual property, technology transfer, and currency practices. The Phase One Trade Deal was expected to deescalate the tensions that had been built since 2017 and give way to the negotiation of a Phase Two trade agreement later in the year.

However, China's decision to impose National Security Law in Hong Kong aimed at cracking down on pro-democracy protestors broke the truce as President Trump responded by revoking Hong Kong's preferential trade treatment.

The U.S. also imposed new exports controls on Huawei targeting at choking off its access to the supply of semiconductors designed and manufactured using U.S. equipment. In May, the U.S.

Department of Commerce Bureau of Exports Administration announced that Huawei will require a special license to purchase semiconductor chips using technology produced or developed by the United States or U.S. software, even if the chips were produced by a third country. In August, this rule was tightened by making it explicit that any U.S. software or U.S. fabricated (or developed) equipment is banned and that Huawei requires a license to purchase them.

The month of July saw an intensifying circle of confrontation with the United States challenging China's claims in the South China Sea and ordering the closure of the Chinese Consulate in Houston, accusing Chinese diplomats of aiding economic espionage and attempted theft of scientific research in numerous cases.

The table that follows presents a timeline of the major events in the trade conflict.

Table 16
Chronology of escalating tensions between the United States and China

2020	
15 January	The United States and China sign the Economic and Trade Agreement Between the United States of America and the People's Republic of China: Phase One. The agreement will take effect took effecton 14 February 2020. China agrees to purchase an additional US$200 billion worth of some items of U.S. exports with respect to the 2017 value over 2020 and 2021. Most tariffs remain in effect but as part of the China will halve tariffs on 1,717 U.S. goods, lowering the tariff on some items from 10% to 5%, and others from 5% to 2.5%. The tariff cuts will apply to a list of additional tariffs that took effect on September 1, worth US$75 billion, effectively halving tariffs on US$75 billion worth of goods. The U.S. commitment under the Phase One Trade Deal is to slash tariffs from 15% to 7.5% on US$120 billion worth of goods.
17 February	China grants tariff exemptions to 696 U.S. goods to fulfill the commitments made in the trade deal with the U.S. The 696 products include pork, beef, soybeans, wheat, corn, sorghum, ethanol, liquefied natural gas, crude oil, steel rails, and some medical equipment.
21 February	China's Tariff Commission unveiled two new lists to exempt some of the U.S. imports from additional Chinese tariffs. The two lists will both be effective for one year from February 28, 2020 to February 27, 2021. List 1 and 2 will exempt 55 and 10 types of U.S. commodities, respectively, including timber, presswork, hydraulic motor, diaphragm pump, aircraft parts, and medical equipment like non-invasive ventilators and temperature sensors.
10 March	Invoking section 721 of the Defense Production Act of 1950, President Trump ordered the divestiture of the U.S. firm StayNTouch, Inc. by the Chinese firm Beijing Shiji Information Technology Co., Ltd., on 6 March 2020, citing national security concerns. The Federal Register published the document on 10 March 2020.
8 May	The U.S. and China reaffirm their commitments under Phase-One trade deal. According to an announcement made by the USTR and the U.S. Treasury Secretary, the Chinese Vice Premier, the U.S. Trade Representative, and the U.S. Treasury Secretary held a conference call where they pledged their continued support for the Phase One Trade Deal, which took effect in February. In confirmation, China's Commerce Ministry released a statement saying that the two sides agreed to improve the atmosphere for implementation of the Phase One Trade Deal, which calls for Beijing to boost its purchases from the U.S. by US$200 billion, over two years, compared to the 2017 baseline. China ramped up its imports of U.S. pork, purchasing 40,200 tons of meat just in early May, the largest order since October 2019. This comes as U.S. meat output has dropped by more than 30% due to slaughterhouse closures under COVID-19.
12 May	China announces new list of U.S. commodities excluded from tariffs from May 19, 2020 to May 18, 2021. China's State Council Customs Tariff Commission announced a new list of 79 U.S. products eligible to be excluded from retaliatory tariffs. The latest list includes U.S. imports of medical disinfectants, rare earth ores, silver and gold ores and concentrates, and some nickel and aluminum alloy products. This is the fifth list of U.S. items exempted from tariffs issued by China; China has been exempting certain U.S. imports in phases since September last year.
12 May	President Donald Trump ordered the main federal government pension fund, Federal Retirement Thrift Investment, not to invest its portfolio in Chinese companies, citing a serious national security risk to the US.
15 May	President Trump extended his May 2019 executive order barring U.S. firms from buying telecommunications equipment made by companies deemed to be national security risks. The U.S. Department of Commerce followed up by extending a temporary license that allows some U.S. companies to work with the Chinese company Huawei until 13 August.
15 May	The U.S. Department of Commerce's Bureau of Industry and Security (BIS) announced new restrictions on Huawei's ability to use U.S. technology and software to design and manufacture its semiconductors abroad. This announcement cuts off Huawei's efforts to undermine U.S. export controls

29 May	President Trump issued a presidential proclamation that bars the entry (or the issuance of visas) of Chinese students to the United States who are in “F” or “J” status in graduate-level programs and who are or had been associated with People’s Republic of China (PRC) entities involved with the PRC’s “military-civil fusion strategy.” The proclamation also calls on the U.S. State Department to consider using its visa revocation authority to revoke previously issued visas in this category and directs the U.S. State Department and Department of Homeland Security (DHS) in the next 60 days to review possible immigration measures for other immigrant and non-immigrant visa classifications to deal with this issue.
4 June	New Nasdaq restrictions affecting listing of Chinese Companies. Nasdaq requires auditing firms to ensure all listed companies comply with international reporting and inspection standards.
14 July	The U.S. Department of Agriculture announced that China booked its biggest single-day U.S. corn purchase on July 14, buying 1.762 million metric tons of U.S. corn. The deal eclipsed the previous single-day record sale to China of 1.45 million tons of corn set in 1994. And this is after July 10 when Chinese buyers just purchased 1.365 million tons of US corn. On July 14, China also booked deals to buy 129,000 tons of soybeans. The trade deals are to meet China’s commitments in the US-China phase one trade deal to buy US$80 billion worth U.S. agricultural products in 2020 and 2021.
15 July	President Trump signs an executive order formally revoking Hong Kong’s “special status” in diplomatic and trade relations and declares the U.S. will treat the city of Hong Kong as part of mainland China, including for trade, export control and visa purposes.
17 July	The United States asked the World Trade Organization to authorize retaliatory tariffs against China for what it claims is Beijing’s failure to implement a dispute settlement panel ruling that found China was violating its agricultural domestic support commitments. The U.S. is asking the WTO to authorize tariffs on US$1.3 billion worth of Chinese products, which it claims is “on the level of the nullification or impairment of benefits accruing” to the U.S. from China’s noncompliance, according to the communication. China had until 30 June 2020 to implement the February 2019 dispute settlement panel ruling that found China was miscalculating its domestic support for wheat and rice and, when calculated correctly, was in excess of its domestic support commitments.
20 July	The U.S. Commerce Department’s Bureau of Industry and Security adds eleven Chinese entities implicated in human rights abuses in Xinjiang to the Entity List
21 July	The United States orders China Consulate in Houston, Texas closed, “to protect American intellectual property" and the private information of Americans.
22 July	The U.S. seeks public comments to exclude Chinese imports from Section 301 tariffs. The Office of the U.S. Trade Representative (USTR) has announced 37 exemption lists, which excluded specific Chinese imports from U.S. additional tariffs. However, 84% of the exclusion requests had been rejected by the USTR by 31 January 2020. With the COVID-19 pandemic worsening in the U.S, the USTR is now prioritizing the review of requests concerning medical products. It is also seeking public comments on whether to remove additional products subject to Section 301 tariffs that are necessary to the US response to COVID-19.
24 July	China orders the closure of the U.S. consulate in the south-western city of Chengdu, China.
17 August	The U.S. Commerce Department’s Bureau of Export Administration announces new rule making explicit that Huawei needs a special license to purchase semiconductor chips using U.S. technology or software even if the chips were produced in a third country. These new rule amend the longstanding foreign-produced direct product rule as follows: where U.S. software or technology is the basis for a foreign-produced item that will be incorporated into, or will be used in the “production” or “development” of any “part,” “component,” or “equipment” produced, purchased, or ordered by any Huawei entity on the Entity List; or when any Huawei entity on the Entity List is a party to such a transaction, such as a “purchaser,” “intermediate consignee,” “ultimate consignee,” or “end-user.”
17 August	The U.S. Commerce Department added 38 Huawei affiliates to the Entity List
2019	
15 February	Almost 15% of all 2017 U.S. imports are now subject to trade protection, President Trump’s actions affect 12.6% of 2017 U.S. imports. China is one of the biggest targets together with Canada, Mexico, the EU and South Korea.
24 February	The U.S. announces a delay in raising tariffs from 10% to 25% on US$200 billion of Chinese imports, which were expected to be applied on March 1, 2019.
5 May	The U.S. announces that the 25% tariffs on US$200 billion of Chinese imports that were delayed on February 24 will be applied starting May 10. In addition, President Trump indicates that “shortly” 25% tariffs will be imposed on all U.S. imports from China.
13 May	China announces it will increase tariffs on $60 billion of U.S. exports it had already hit last September by June 1st.
15 May	Executive Order on Securing the Information and Communications Technology and Services Supply Chain The Order gives the federal government the power to block US companies from buying foreign-made telecommunications equipment deemed a national security risk.

	Under the order, which gives the secretary of commerce power to determine which transactions may be potential risks, no single company is immediately marked as a threat. But the plan is largely seen as a move against China-based Huawei, which some US lawmakers have deemed a security threat.
1 June	China raises tariff rate on S$36 billion of the US$60 billion list from September 2018.
12 June	China's average tariff rate to every country other than the U.S. decreased from 8% to 6.7% since 2018.
1 August	The U.S. announces a 10% tariff on an additional US$300 billion of imports from China, going into effect on 1 September 2019. The list covers final consumer goods such as toys, footwear and clothing.
13 August	The U.S. announces a 10% tariff on US$112 billion of imports from China starting 1 September (mostly clothing, and shoes, then US$160 billion on December 15, 2019 (toys and electronics).
23 August	China announces on US$75 billion of U.S. exports, effective 1 September and 15 December 2019. The most important changes are the increase in its average tariff on U.S. autos from 12.6% to 42.6%. Later the same day President Trump announced and increase of 5 percentage points in the tariff rate on the US$112 billion list that would begin 1 September and the US$160 billion list on 15 December. Also, the current 25% tariff on US$250 billion of Chinese goods will increase to 30%, starting 1 October.
11 September	China announces it will exclude 16 products (less than $2 billion of US exports) from its retaliatory tariffs imposed in 2018, such as some animal feeds, chemicals, and petroleum products. President Trump plans to delay his tariff increase on $250 billion of Chinese imports from 25 to 30 percent, originally set out on August 23, 2019, from October 1 to October 15.
11 October	Trump announces the October 15 tariff increase on $250 billion of US imports from China (25 percent raised to 30 percent) will not go ahead as planned. He also states negotiations had resulted in a forthcoming "substantial phase one deal" with China, "subject to getting it written."
26 November	US releases new regulatory guidelines for its telecom networks procedure to protect telecom networks from national security threats The US Commerce Department has issued a notice introducing a new procedure for identifying, assessing, and addressing transactions that pose a national security risk to its telecommunications network and service supply chain. The procedure will give the US government power to restrict US companies from importing and using foreign technology in their domestic supply chain infrastructure. According to Secretary Wilbur Ross, whether a transaction will be prohibited or mitigated will be considered on a "case-by-case, fact-specific basis." While the document makes no mention of Huawei or ZTE equipment, it might impact the two Chinese companies as they were placed on the US entity "blacklist", earlier in May, and on Friday, November 22, were voted unanimously as national security risks by the US Federal Communications Commissions.
13 December	Trump calls off the scheduled December 15 tariff increase and indicates his administration and China have reached agreement on the legal text of an 86-page deal that will be signed in January 2020.

2018	
7 February	After conducting a Section 201 investigation, the U.S. implements 'global safeguard tariffs' on solar panel and washing machine imports.
22 March	Following the results of the Section 301 investigation, President Trump signs a Presidential Memorandum Targeting China's Economic Aggression directing the following acts: To file a WTO case against China for their discriminatory licensing practices; To restrict investment in key technology sectors; and To impose tariffs on Chinese products
23 March	The U.S. imposes a 25% tariff on all steel imports with some exceptions and a 10 % tariff on all aluminum imports except from Argentina and Australia.
2 April	China imposes tariffs ranging 15%-25% on 128 products worth US$3 billion including fruit, wine, seamless steel pipes, pork and recycled aluminum in retaliation to the U.S.' steel and aluminum tariffs.
3 April	The USTR releases an initial list of 1,334 proposed products worth US$50 billion subject to a potential 25% tariff.
4 April	China reacts to USTR's initial list and proposes 25% tariffs to be applied on 106 products worth US$50 billion on goods such as soybeans, automobile, chemicals.
16 April	The U.S. Department of Commerce concludes that Chinese telecom company ZTE violated U.S. sanctions. As a result, U.S. companies are banned from doing business with ZTE for seven years.
17 April	China announces antidumping duties of 178.6 % on imports of sorghum from the U.S.
18 May	China announces that it will stop tariffs on U.S. sorghum during negotiations.

20 May	The U.S and China agree to a truce after China reportedly agrees to buy more U.S. goods.
29 May	End of truce, the U.S. reinstates tariff plans.
7 June	The U.S. and ZTE agree on a deal that will allow ZTE to resume business.
15 June	The U.S. revises the initial list of products released 3 April. List 1 implements a 25% tariff on a reduced 818 products (from 1,334) and is set to take effect on July 6, 2018. List 2 of 284 new products is also announced and under consideration.
16 June	China revises its initial tariff list on 4 April, to include a 25% tariff on 545 products valued at US$34 billion to take effect on 6 July 2018. China also proposes a second round of 25% tariffs on another 114 products valued at US$16 billion.
6 July	The U.S. implements first China specific tariffs and China takes retaliatory measures.
2 August	The U.S. Department of Commerce adds 44 Chinese entities to its export control list that pose a "significant risk" to US national security.
14 August	China files WTO claim against the U.S.
23 August	U.S. and China implement second round of tariffs, China files second WTO complaint.
24 September	U.S. and China implement third round of tariffs. Total China specific tariffs affect goods valued at US$250 billion, total U.S. specific tariffs applied by China affect US$110.
19 November	U.S. releases list of proposed export controls on emerging technologies.
2017	
28 April	Initiation of 232 investigations into whether steel/aluminum imports pose a threat to national security.
22 May	The U.S. and China agree to a trade deal that would give U.S. firms greater access to China's agriculture, energy, and financial markets, and China gains access the U.S. cooked poultry market.
18 August	Initiation of a Section 301 investigation into certain acts, policies and practices of the Chinese government relating to technology transfer, intellectual property and innovation.

B. The United States, Mexico, Canada Trade Agreement (USMCA)

The USMCA entered in effect on 1 July 2020. The new agreement largely preserves the duty-free trade and economic integration of North America that begun in 1994 with NAFTA. The deal also contains a series of new provisions, such as rules covering digital trade and intellectual property and expanded measures governing energy trade. The agreement also includes environmental provisions that could be a template for future trade deals. The three parties to the agreement decided to follow air and marine pollution rules, standardize some air-pollution monitoring and collaborate on removing litter from oceans and protecting the ozone layer. These provisions are part of the body of the agreement, not a side agreement as in previous trade deals.

Even as the deal formally took effect, there are still some contentious issues:

- *U.S. tariffs on steel and aluminum:* On 6 August 2020 the U.S. announced its intention of imposing tariffs of 10% on some aluminum from Canada, effective 16 August due to concerns over a surge of aluminum imports from Canada. The Canadian government announce tariffs on approximately US$2.7 billion worth of U.S. aluminum and aluminum-containing products in response. The countries had agreed in May 2019 that the U.S. would remove Section 232 tariffs on steel and aluminum from Canada and Mexico[5] and that retaliatory duties on U.S.

[5] The Administration imposed tariffs on steel and aluminum in 2018, claiming that imports threatened national security.

goods would be dropped. All parties retained the authority to re-impose sector-specific tariffs if imports surged and consultations failed[6].

- *Mexico's labor standards:* U.S. labor groups have raised concerns about whether Mexico will follow through with the USMCA's labor provisions. Hundreds of businesses in Mexico are challenging the rules in Mexican courts.
- *Canada's protection of its dairy market*. The USMCA contains new significant provisions to the dairy industry that aim at smoothing the flow of dairy products throughout North America, particularly to provide better access to Canada's tightly managed diary market. On June 16, Canada released details of its tariff-rate quotas (TRQ) distribution to U.S. dairy suppliers under the terms of USMCA. The U.S. Dairy Export Council (USDEC) and National Milk Producers Federation (NMPF) sharply criticized Canada's allocation of its tariff-rate quotas (TRQ). They argue that Canada's new TRQs discourage U.S. dairy retail products and high-value food service from entering Canada. USDEC and NMPF have often voiced the need to closely monitor and enforce Canada's USMCA commitments to be able to fully benefit from it. They are now demanding immediate action be taken by the USTR to ensure Canada is held responsible for abiding by the intent of USMCA in this respect.
- *New rules on automotive production*. The U.S. automobile industry is uncertain about new rules aimed at having auto makers keep more of their factories in the U.S. and Canada. The USMCA requires 40% to 45% of automobile content be handled by workers earning at least $16 an hour to receive tariff relief. But the rules are still being finalized.
- *Seasonal produce from Mexico*. The USTR is working on a plan to articulate remedies the United States will take in response to any unfair trade practices in Mexico that may be harming U.S. perishable seasonal produce growers. This is in response to Florida and Georgia growers who had raised concerns over government subsidies to Mexican produce growers that allow them to underprice their products in the U.S. market. In addition, concerns are also raised regarding environmental and labor practices and low-wage labor. The Office of the U.S. Trade Representative, the Commerce Department and the Agriculture Department are holding hearings on seasonal and perishable products to come up with a realistic plan. Not all U.S. growers agree that action needs to be taken. Some would prefer a bilateral negotiated solution. The issue has raised significant concern in Mexico where government officials and agriculture industry representatives argue that limiting imports of Mexican seasonal goods into the U.S. would run counter USMCA and WTO rules. "We will respond firmly if the U.S. were to impose commercial measures that violate its WTO obligations," Mexican Undersecretary for Foreign Trade Luz María de la Mora has said

[6] The Aluminum Association sent a letter to the USTR at the end of June, signed by 15 CEOs and senior executives across the U.S. aluminum industry, urging the administration not to backtrack on the tariff removal. Most in the U.S. aluminum business oppose tariffs, saying government policy should focus on the viability of the entire industry, including those companies that make products with raw aluminum.

Bibliography

Briefing, China. "US-China Phase One Deal: How Should Businesses Read the Agreement." China Briefing News, March 2, 2020. https://www.china-briefing.com/news/us-china-phase-one-trade-deal-takeaways-businesses-global-trade/.

"Export_prohibitions_report_e.Pdf." Accessed June 25, 2020. https://www.wto.org/english/tratop_e/covid19_e/export_prohibitions_report_e.pdf.

"Free Trade or Medical Supplies: Do Countries Have to Choose?," April 21, 2020. https://www.csis.org/analysis/free-trade-or-medical-supplies-do-countries-have-choose.

"Global Trade Alert." Accessed June 24, 2020. https://www.globaltradealert.org/.

Herman, Arthur. "Opinion | Bringing the Factories Home." *Wall Street Journal*, July 19, 2020, sec. Opinion. https://www.wsj.com/articles/bringing-the-factories-home-11595180872.

Hufbauer, Gary Clyde, and Zhiyago Lu. "COVID-19: How Far Will Global Merchandise Trade Fall?" Institute for International Economics, April 17, 2020.

"Impact of Covid-19 on FDI and Globalisation V2.Pdf." Accessed July 1, 2020. https://pages.eiu.com/rs/753-RIQ-438/images/Impact%20of%20Covid-19%20on%20FDI%20and%20Globalisation%20V2.pdf?mkt_tok=eyJpIjoiTVRFNE1qSTVZMlkoWkdKbCIsInQiOiJkaVpuRzhkcThIY09PMkVGd0FDcFdxeXRPQ05cL2x6V1dKNmI0ZTM3MHlWUlpVTWowWVFzMGhJNGtKdVA2UVAxVDNLUH05MUNcLzM3cmtmYndhdUM2RUF1RXAwWnlTWGE1RXJ1dzZ4bEdmeXBQVkdXbUtDUFZ3WjF6ZWhkZWZQZlhiIn0%3D.

Kennedy, Scott. "Washington's China Policy Has Lost Its Wei," n.d., 5.

"Latest State Acts." Accessed June 25, 2020. https://www.globaltradealert.org/latest/state-acts/area_goods/implementing-jurisdictions_222/page_3.

"Latest State Acts." Accessed June 25, 2020. https://www.globaltradealert.org/latest/state-acts/area_service/implementing-jurisdictions_222/period-from_empty/period-to_empty.

"More Data, Faster: BEA Rolls Out Improved International Stats | U.S. Bureau of Economic Analysis (BEA)." Accessed June 18, 2020. https://www.bea.gov/news/blog/2020-06-17/more-data-faster-bea-rolls-out-improved-international-stats.

"Services_report_e.Pdf." Accessed July 27, 2020. https://www.wto.org/english/tratop_e/covid19_e/services_report_e.pdf.

"U.S. Halts High-Tech Exports to Hong Kong Over Security Concerns - The New York Times." Accessed June 30, 2020. https://www.nytimes.com/2020/06/29/business/economy/us-halts-high-tech-exports-hong-kong.html?searchResultPosition=1.

Mexico News Daily. "US Urges Mexico to Allow Factories to Reopen to End Supply Chain Disruption," April 21, 2020. https://mexiconewsdaily.com/news/coronavirus/us-urges-mexico-to-allow-factories-to-reopen-to-end-supply-chain-disruption/.

PIIE. "US-China Phase One Tracker: China's Purchases of US Goods," May 18, 2020. https://www.piie.com/research/piie-charts/us-china-phase-one-tracker-chinas-purchases-us-goods.

VerWey, John. "The Health and Competitiveness of the U.S. Semiconductor Manufacturing Equipment Industry." *SSRN Electronic Journal*, 2019. https://doi.org/10.2139/ssrn.3413951.

Wednesday, 15 April 2020, 4:10 pm Press Release: New Zeal, and Government. "COVID-19 Response: New Zealand & Singapore Launch Initiative To Ensure Free Flow Of Essential Goods | Scoop News," April 21, 2020. https://www.scoop.co.nz/stories/PA2004/S00084/covid-19-response-new-zealand-singapore-launch-initiative-to-ensure-free-flow-of-essential-goods.htm.

"Why Countries Can't Meet the Demand for Gear against Covid-19." *The Economist*, April 20, 2020. https://www.economist.com/international/2020/04/19/why-countries-cant-meet-the-demand-for-gear-against-covid-19?fsrc=newsletter&utm_campaign=the-economist-today&utm_medium=newsletter&utm_source=salesforce-marketing-cloud&utm_term=2020-04-20&utm_content=article-link-1.

ECLAC OFFICE IN **WASHINGTON, D.C.**

ECLAC

Economic Commission for Latin America and the Caribbean (ECLAC)
Comisión Económica para América Latina y el Caribe (CEPAL)
www.eclac.org