



## **Visit to Washington DC Focusing on Trade and Geopolitics: AMCHAM Door Knock and Other Calls**

July 2023

### **Introduction**

Asia Pacific AMCHAMs participated in a door knock in Washington DC from 16 July and AMCHAM NZ kindly included the NZ US Council. During a very diverse programme involving US Government agencies, business advocates, commentators, think-tanks, Congressional representatives and staff and others (see list annexed at the end of this report), there was much discussion of issues central to the agendas of NZ US Council and AMCHAM members.

### **Structure**

This report deals with the range of subjects covered during the visit from a thematic perspective, as some members have areas of specific interest only. It seeks to articulate the most prevalent commentary. The NZ team consisting of Jonathan Mason, Mike Hearn, and myself, also participated in some stand-alone calls to various entities (see annex) and those views are integrated.

Also, the language used in this report is designed to give a sense of the strength of sentiment and an insight into how people generally phrased their interventions, rather than a more sanitised commentary.

Last, any questions/requests for further clarification on specific issues are welcomed and please feel free to contact me directly.

### **Areas of Focus**

Common themes underpinned many of the presentations and subsequent discussions:

- The complicated political dynamic wrapped around everything associated with the trade debate has drowned out pro-trade voices. Trade continues to be a highly charged area of policy with few public champions and many

vociferous critics. This will likely become even more pronounced as the next election draws closer. A move away from both genuine liberalisation and broader integration into international systems is the new normal and will likely continue for the foreseeable future. Multilateralism is seen by many as an anachronism that provided few gains for the US. Levers to alter the current orientation are not evident on either side of the aisle. The benefits of trade to the consumer did not feature but the desire to export American perspectives on issues like worker rights and emerging sustainability goals were repeatedly flagged.

- The conundrum that is China is pervading almost all elements of international policy. The overarching preoccupation with the economic and geopolitical implications of a tense, competitive, sensitive relationship was a lens through which almost all elements of US engagement in the region is being viewed and assessed. Almost everyone participating in the programme began and ended their interventions with perspectives (largely negative) on China.
- The Biden Administration trade policy (such that there is a distinct one underneath an almost seamless continuation of President Trump's approach) and potential scenarios if Biden gets re-elected do not fill trade advocates with hope that anything will change with respect to access. Biden took the path of least resistance when it came to relitigating some of his predecessor's trade policies and, this close to an already active election, no one wants to put any elected representative under the trade spotlight. The concept of reciprocity was mentioned often but more in the sense what countries should or could be doing for the US than the potential for actual trade-offs.
- Current election/selection insights indicate the likelihood of a Trump/Biden showdown unless criminal indictments, health issues or the late emergence of an as yet unidentified star act as disrupters. There are genuine concerns that this election might precipitate a destabilisation of democracy as it currently functioning given the possible reaction to a loss by supporters on either side.
- The dynamic on Capitol Hill will remain fodder for many YouTube videos and certainly the insularity and tribalism evident in US politics continues unabated. But underneath the politically charged statements and initiatives designed for domestic constituencies, work continues as it

always has. Several Representatives noted that the truly fringe elements of Congress are a much smaller group than commentary would indicate but their media and social media footprint is very large.

- The Indo-Pacific Economic Framework (IPEF) is being viewed as a platform and the means through which relationships and conversations can be channelled, while inoculating the Asia Pacific from greater Chinese influence. In terms shifting the dial on trade and related economic issues, there is little effort to even pretend the agreement will bring about substantive change. Cooperation around supply chain issues, anti-corruption (i.e. investment protection) measures and sustainability is useful but US officials are open about the challenges they will likely run into in areas like labour and clean trade when they have little to offer in return. When pressed on whether IPEF will deliver actual benefits to business, the prevalent sentiment was “well, everyone will benefit if the general trade and investment infrastructure is more robust.”
- APEC, the marginalised and largely neglected process that trucks on notwithstanding deep ambivalence on the part of DC writ large, barely warranted a mention. It is seen as a meeting behemoth that is expected to achieve largely nothing this year and is well on track to meet expectations.
- The WTO is viewed as an even more marginalised and discredited organisation and no one is pretending that this is likely to change any time soon.
- Emerging issues that people do care about, in particular – clean tech and clean energy, climate change, the rapid spread of artificial intelligence, data protection in the context of a lack of a US privacy framework, labour rights, and Pacific engagement cropped up here and there. There are still champions working quietly behind the scenes on many of these issues.
- No one is seriously considering the potential for the US to join CPTPP. But, in answer to specific questions about scenarios which could see that happen, the read out was that the name would have to change (it’s contaminated), the agreement would have to be substantially relitigated to accommodate US ‘demands’ and quite a few concessions – on the part of current members - would need to be made. Were China to seriously progress membership then the US would have to have a very compelling

strategy to stop that from happening and most ASEAN countries are well aware of the leverage this might accord them. Officials lamented the missed opportunity to get TPP through Congress when the Obama Administration could have done so.

## Report

### **1. The complicated political, perception and posturing dynamic wrapped around everything associated with the trade debate;**

One commentator summed up the current situation regarding everything informing the mainstream discourse within the Administration regarding trade as follows. There are three rules. Rule number 1 is that the emphasis should be on everything being made and produced in the US. Rule number 2 is that there should be a serious sustainability and climate change focus integrated into policy unless that contravenes rule number 1. Rule number 3 is that international considerations and partnerships should be part of the picture unless that is inconsistent with rules number 1 and 2.

Put another way, the American first mantra is something that no politicians on either side of the aisle wants to be seen to be contravening. There is a visceral pushback against any implication that plurilateral and multilateral obligations (existing and potential) should require the US to make compromises involving increased market access and genuine trade-offs.

At the most extreme but very prevalent end of this spectrum is the contention that the US should enforce its perspectives on worker-centric trade (a concept few were able to define cogently, including the AFL-CIO), sustainability goals (ditto in terms of definition and application) and prioritise developing linkages with strategic partners and “friendlies” to combat the China regional juggernaut.

On China, of the couple-of-dozen presentations and interventions shared with the delegation, there was almost no one who did not address China in a critical, sometimes very aggressive and almost entirely negative way. At the most extreme end of the spectrum (some of the Republican Representatives on the Hill) the ‘China problem’ is seen as a malignant threat to be hit with all available tools in the legislative toolbox. Phrases such as “intolerable Chinese aggression,” “direct threats to US interests,” and “approaches that manipulate countries and then hold them to ransom” were used conversationally.

The situation re Australia's trade with China in the wake of tension was frequently referenced as an almost inevitable scenario. There was little pragmatic analysis of how the US might respond substantively (trade access, investment etc) to this perceived "economic colonisation" of the Pacific region but strong warnings about getting too close to China. Clearly, such that it has a defined trade strategy at the moment, the US is almost entirely focusing on trying to neuter China to the greatest extent possible.

An arbitrary weighting of all key issues raised in all the calls in DC would see about 90% of the time dedicated to dealing with "the China problem." AMCHAM China was at pains to explain the functionality, profitability and deeply entrenched commercial connections in the market but it was a hard sell in several instances. Clearly, agencies like Commerce and USTR understand the pragmatics and the economics, but for a number of individuals and entities, public credibility and traction with constituents/members/media seems to be phrased around how critical of China it is possible to be.

## **2 Biden Administration Trade Policy**

Prior to the election, the Biden team was talking about a less insular and more integrated path for trade policy in comparison to what team Trump had been championing. That never transpired after inauguration. Indeed, credible trade commentators associated with the US Chamber were almost unilaterally of the view that there was almost nothing of substance to separate the Trump approach from the Biden reality – it has been a seamless transition of risk aversion, inward looking rhetoric and, except for a couple of specific 'deals,' weak initiatives that make little measurable difference.

A number of people counselled the AMCHAM participants against assuming that previous paradigms related to FTAs and US investment in a multilateral rules-based system would ever be reinstated in their historical iteration. We were told that that sectoral agreements, narrow bandwidth agreements with geopolitical import and issue specific negotiations are the new norm.

Traditional FTAs have become so politically fraught that the concept of genuine give-and-take is a political anathema and that is unlikely to change. On several occasions, we noted that we had heard a lot about acknowledgement of allies and reciprocity "what did that look like in real world trade access terms?" The answer seemed to lie in ongoing goodwill rather than special consideration as a trading partner. Although agriculture was barely mentioned (except by team NZ)

the strong serve delivered by Congressional representatives about ringfencing their farmers and protecting them from any new competition, would indicate that the wagons have circled more tightly than in recent history.

### **3 Current election/selection insights**

As has been observed comprehensively in the media, American politics have become more tribal, more siloed, more insular, and with respect to some issues, more irrational. It was observed that swing voters used to pick the candidate they like the most but now it's a case of picking who they dislike the least.

Everyone will have seen the poll rise Trump gained from the initial indictments. He is certainly well ahead of the rest of the crowd and unless someone has a "lightening moment" and shifts the dial during a debate, or he actually does end up by going to prison, his candidacy is being viewed as somewhat inevitable.

Concerns about Biden's competence and strength endure but people who regularly spend time with him (and are not Administration apologists) say that he is sharper than his recent media blips would indicate. That said, there are grave concerns for his evident aging. These are compounded by the fact the Kamala Harris is seen as a particularly weak Vice-President who has struggled to gain traction on any of the issues she campaigned on. Indeed, the depth of disenchantment with her was articulated by almost everyone covering the political dynamic.

During the visit to Washington, the article on Trump's intention to dismantle positions and institutions seen as unhelpful to his agenda was released in the media. It was front and centre on every network. From a Democrat perspective, the thinking seems to be that no one (including Trump) was prepared for the election result last time, but this time people are forewarned and forearmed. Should US institutions be undermined, there will be immediate blowback.

As an aside, a number of people observed that, in a heavily armed society there is a very real concern that some form of violent protest/uprising may be on the cards if it is seen by either side that democracy (as they define it) is under threat. This was more of a reflection on a possible extreme response rather than an anticipated scenario, but several people referenced it. There is a growing sentiment that US is in a more precarious civic position that it has been in since its inception. Interestingly, both sides of the House seem to have the same worry but with different triggers involved.

#### **4 The dynamic on Capitol Hill and the fall-out for the private sector**

One of the representatives with whom we met described working some of the more Twitter-famous members of the opposition as “working with a fistful of ferrets fighting in a phone box.” Certainly, the bios and briefs speak to a desire to draw starkly delineated partisan lines in neon-lights. Most contain something to demonstrate “tough on China.”

Quotes in bios include info like “China cheats. They steal. They manipulate currency. They steal IP. They send spy balloons to collect data on military institutions. They collect data on our children. They are our biggest adversarial threat.” And “100,000 American died from drug overdoses, the vast majority of those were caused by Fentanyl originated in China.” And ‘.....introduced the No Taxpayer Funded Platform for Chinese Communist Act to counter CCOP propaganda.” “The Chinese Communist Party is using Cuba to spy on the US and actively train the People’s Liberation Army 90 miles from our shores.” “Tik Tok should be banned because it is a dangerous backdoor for the CCP.” “President Biden should focus more on the threat posed by China than climate change.” “...need to support the resiliency of our medical supply chains by shifting investments our of China and into the Western hemisphere.”

The point is that while the Democrats are more moderate, it seems untenable for anyone to maintain a public position that does not have something very critical of China in it.

On politics more broadly, underneath the media statements, much of the work goes on, as it has always done. Some of the representatives on Capitol Hill joked about the fact that they are doing the usual deals and trade-offs as one would expect and then appearing in the media to hit each other with sticks so as not to be seen weak or compliant at home. There is a fringe of completely “odd” people who suck up much of the airtime, but the amount of attention accorded to them does not reflect the actual bulk of the business on the Hill.

#### **5 The Indo-Pacific Economic Framework (IPEF) in terms of progress and potential to shift the dial on trade and related economic issues.**

There is universal acknowledgement that IPEF is the only trade horse in the stable at the moment. Not that it’s in particularly good condition – except in a couple of niche areas (supply chain, anti-corruption, some sustainability

elements, and fair trade – whatever that means). There is evident intent to announce something on IPEF by APEC in November although even some of the officials echoed a sentiment articulated by a trade specialist who said, “that’s a bit like trying to land a plane while still building it.”

There was a very pronounced emphasis on the utility of keeping up a dialogue with regional partners and the prevalent sentiment was that the benefit of the meetings was as much about maintaining linkages and wrapping countries into dialogue with the US as focusing on substance. Several people pointed out that with no parallel strategies or opportunities in play, IPEF is “it” for now.

While NZ has cast IPEF as a foundation (clearly with the hope of more substantive and access-oriented developments in the future) both USTR and Commerce were clear that the agreement is a platform to put US views into the foundation of policy development in partner countries.

Administration officials noted that they would prefer to talk about “ongoing consultations” as opposed to negotiating rounds. When pressed on the capacity building elements of IPEF (perhaps the only real substantive payoff for some countries), the response was cautious. There is no money for substantive capacity building at the moment and the situation vis a vis resources is unlikely to change quickly if at all. Existing pots of development money are being scrutinised to see where they might be differently allocated but several of the AMCHAMs (particularly ASEANs) were very sceptical about the balance between obligation and recompense. [They represent US business interests but read the room in their countries very well].

Also of interest with respect to IPEF was the fact that during meeting on Capitol Hill, there were a number of people who noted that USTR is being entirely unrealistic if it thinks that Congress will let any agreement slide through without going through due process – regardless of whether there is no change to tariffs or actual access. One staff member noted that legal opinions had already been sought as to the rights of Congress to “stop USTR and the Administration operating unilaterally” and there was no doubt that IPEF would have to go through Congress – regardless of how it was dressed up. This message was emphasised in meetings, at social functions and in sidebars.

The conclusion re IPEF was that it’s live, it has geopolitical utility, it will help to “improve” countries and bring them “up to US standards” and it’s something the Administration can point to as being a measured way forwards to deflect



criticism that nothing is being done on the trade front. Out of this may emerge a few truly useful facilitation, emergency logical management, cooperation, and collaboration components but the process is as important as the outcome.

## **6 APEC**

Little to say on this except to note that officials have mostly stopped even pretending that APEC will deliver something. The only outcome much heralded (in the same breath as virtue signalling on issues of sustainability and the odd nod to indigenous issues) was that by November, the US will have seen 500 in person APEC meetings conducted under its watch. This, apparently, is an achievement in its own right.

## **7 The WTO: on balance of prevalent opinion, an even more marginalised and discredited organisation**

The level of animosity towards and scepticism of the WTO continues to rise. With only a handful of exceptions in terms of those engaged with the WTO, the organisation is seen as ineffective, largely irrelevant, not aligned with US interests and unlikely to be the recipient of support. Quotes like “dispute settlement has never worked” and “people use the WTO to try and undermine the US” and “the whole system is increasingly irrelevant” are widespread. When pressed on the question as to whether economic multilateralism is dead, the answer would appear to be “it’s fine for other countries but not really in our interests.”

- **8 Emerging issues that people do care about, in particular – clean tech and clean energy, the rapid spread of artificial intelligence, data protection in the context of a lack of a US privacy framework, labour rights and Pacific engagement.**

Clean tech and clean energy – lots of appetite with the Administration to progress and accelerate clean tech and sustainability initiatives. Not so much for Republicans who will defend oil and gas to the end and have many criticisms of green alternatives. This is definitely an area where NZ is seen as an active and productive partner by those who are on board with change. Political issues remain over the use of traditional fuels but the tide is definitely changing among many private sector groups who appreciate that clean energy is key to consumer brand perceptions. Investment in new technologies on the part of the private sector is more likely to drive change than any multilateral process.

Climate Change – the Administration has sent mixed messages at various stages. The US is not able to be particularly ambitious because of enduring Congressional tensions around the issues. But States have developed their own policy settings and, in evolving to meet these, many companies are raising the bar to avoid policy inconsistency. Some Republicans on the Hill were loud and proud with their denial of “economically crippling ideas” to make a difference and noted that if supporting the traditional fuels industry was a deal-breaker for voters, then they would not be backing down any time soon.

Artificial Intelligence - No one knows how to grapple with something that is changing so fast “month by month it’s a different beast” and having such current and potential implications for every sector of society. The unions are deeply concerned but understand they cannot push back the tide. Congress is well behind even understanding the pace and import of change let alone adequately responding to it (if there is an adequate response). There is not a sector that is untouched by AI, and people are freely admitting it’s like watching an approaching tsunami without knowing where to turn.

Data Protection – clearly a fraught issue given the sheer weight of big tech in the US. A lot of remorse among officials and commentators that the US did not pass privacy legislation when there was a window to do so. Several people active in the data protection debate said that there is no navigable path through at the moment.

Labour Rights - The question of forced labour is being addressed by multiple agencies including (increasingly) by Customs who presented to the group a synopsis of their revised strategy for ensuring that goods crossing the border have good labour provenance. AFL-CIO were adamant that any agreement, like IPEF, will be opposed unless the “right to organise” is enshrined within it. Like-for-like in terms of standards will never be enough if not accompanied by the ability to form and support unions.

Pacific Engagement – Unusually candid acknowledgement that the US dopped the ball in the Pacific and let China do the running. Trying to undo some of this and reestablish ties is on the utmost importance and NZ is seen as integral to these efforts.

## Conclusion

Some of this report casts the situation in the US as complex and difficult to navigate. It is both of those things. But:

- Business is doing what it does best – looking for opportunities, adapting to the changing policy landscape, ignoring the extraneous components of the debates that can be parked and trading as usual. Except for some in the physical tech sector (all about China again) the mood is quite positive.
- NZ businesses are taking advantage of excellent opportunities in the US market and relationships are strong, growing and increasingly diverse. For us, much of the drama around aspects of policy is just background noise.
- There are very good and competent people in DC and at State level developing ‘work arounds’ to ensure that politically motivated initiatives do not derail mutually beneficial relationships.
- The increased focus on the Pacific and more US investment in our Pacific friends is likely to be a net positive.
- NZ’s reputation is very good. Our public and private sector representatives are seen almost universally as constructive, collaborative, and trustworthy partners.

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## ***Meetings:***

### **Chamber of Commerce**

Charles Freeman – Senior Vice-President for Asia

Martin Durban – Senior Vice-President for Policy

John Murphy – Senior Vice-President for International Policy

Jeremie Waterman – President of the China Centre and Vice-President for Greater China

### **US Customs and Border Protection**

John P Leonard – Deputy Executive Assistant Commissioner

Eric Choi – Executive Director

Lea-Anne Bigelow – Director, Green Trade

Dana Johanson - APP Program Director

### **US International Finance Corporation**

Jane Rhee – Chief of Staff

Meredith Potter – Managing Director Policy, Indo-Pacific

### **Export-Import Bank for the US**

Adam Frost – Senior Vice-President China and Transformational Exports

B J Martino – President and CEO The Tarrance Group

Marisa Lago – Under Secretary, Dept Commerce

Matt Murray – APEC Senior Official, Department of State

Neil Irwin – Chief Economic Correspondent, Axios

Scott Pietan – Deputy Assistant USTR for APEC

Ambassador Robert Blake - McLarty Associates

Ambassador Kurt Tong – The Asia Group

Wendy Cutler – Asia Society Policy Institute

### **Capitol Hill**

Rep Seth Moulton (D-MA)  
Rep Jodey Arrington (R-TX)  
Rep Joe Wilson (R-SC)  
Rep Earl Blumenauer (D-OR)  
Rep Ken Buck (R-CO)  
Rep Darin LaHood (R-IL)  
Rep Beth Van Duyne (R-TX)  
Sen Tom Carper (D-DE)  
Sen Tim Kaine (D-VA)

### **America First Policy Institute**

#### **CSIS**

Matt Goodman – Senior Vice-President Economics  
Greg Poling – Senior Fellow and Director, Southeast Asia Programme  
Emily Benson – Director, Project on Trade and Technology, Senior Fellow, Scholl  
Chair in International Business

### **American Leadership Initiative**

Orit Frenkel Co-Founder

### **US Dept Commerce (IPEF)**

Sharon Yuan –Chief Negotiator IPEF  
Collette Morgan Deputy Assistant USTR

### **US Farm Bureau**

David Salmonsén

### **CSI**

Kim Yeager

### **AFL-CIO**

Eric Gottwald

### **NZ Embassy**

NZTE, Political section, trade section.

### **CSIS**

Charles Edel