

Biden picks Congressional staffer for top trade post

Blog post by Senior Associate Miranda Lutz, 10 December 2020

President-elect Joe Biden has reportedly decided to nominate long-time Congressional staffer, Katherine Tai, to be the US Trade Representative (USTR), the lead trade negotiator for the administration. Tai has served as the Chief Trade Counsel for Democrats on the House Ways & Means Committee, and previously worked at the USTR under both the Bush and Obama administrations. While it is a bit unusual to appoint a staffer to such a top position, Tai has more than enough experience. And perhaps even more important to Biden, her time in Congress helped her to build strong relationships on both sides of the aisle. Unlike some of the president-elect's other appointments, she should sail through her Senate confirmation.

The nomination of Katherine Tai should be welcome news to the business industry. Tai has a long history of working with the private sector on trade issues. While she called for a “progressive” trade agenda in an August 2020 [speech](#) at the Center for American Progress, a left-leaning think tank, she is by no means closely aligned with the liberal wing of the Democratic party. She will not enter the administration with a radical agenda to completely transform the US trading environment. Companies should expect a more stable trade agenda, one that may appear boring in comparison to President Trump's approach.

Tai is fluent in Mandarin and her history working as the Chief Counsel for China Enforcement at the USTR reveals the weight Biden has placed on the United States' economic relationship with China. But Tai's efforts towards China will be limited to a certain extent due to the bipartisan animosity towards China on Capitol Hill. While her experience could help Biden form a more strategic approach towards China, she will not be able to materially improve these dynamics. The Biden administration is still expected to keep Section 301 tariffs against Chinese goods in place for the foreseeable future. Any major relaxation of trade tensions will have to wait at least until the midterm elections in 2022.

The USTR's agenda may be further limited by Biden's promise to prioritise domestic investments over international engagement on trade. This means that Tai's remit will likely focus on the enforcement of existing trade agreements. Starting with the Phase One trade deal, Tai will have to oversee China's purchase agreements which come due on December 31st, 2021. China so far has not met its targets for agriculture, manufacturing, or energy products. If China does not meet its commitments, Tai and her team will have to decide whether to snap back the Section 301 tariff rates that were reduced alongside the Phase One agreement. In the negotiations for US-Mexico-Canada Agreement (USMCA), Tai helped Democratic lawmakers include provisions to allow Mexican workers form unions. Properly enforcing the USMCA, especially regarding Mexico's labour reform efforts, will likely be the number one priority for Tai in the short-term. House Democrats are eager

to ensure that their vote to pass USMCA does not haunt them in the future as the NAFTA vote has done for some members.