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Rural Broadband Push Could Ice Chinese Firms

President Joe Biden in several speeches, including recently to Congress, argued that if the U.S. is going to truly catch and beat China in technological endeavors, it must build a 5G infrastructure. To that end, he has allocated \$100 billion for broadband expansion in his proposed infrastructure bill and tapped Vice President Harris to lead the implementation.

Before the previous administration left office, its focus was making American broadband, especially in rural areas, less reliant on Chinese telecom companies, such as ZTE and Huawei. The Federal Communications Commission (FCC) studied and reported back to Congress that it would cost more than \$2 billion to compensate providers to “Rip and Replace” the Chinese 5G infrastructure in rural America (see [WTTL](#), Nov. 30, 2020, page 1).

Chinese telecom firms always understood the importance of rural broadband. “The health of rural communities is highly relevant to the health of the entire U.S. Embarking on a country-wide rural 4G/5G project would be both ambitious and expensive, but the cost of allowing rural communities to fall behind technologically would be far greater. It is up to the federal government to prioritize them and allow these communities to establish the technological connectivity they need to survive,” Joy Tan, SVP public affairs, Huawei Technologies USA, wrote in a 2019 blog post.

There is increasing bipartisan agreement for broadband expansion, but there are differences in how to get there. The GOP reportedly wants to spend \$65 billion versus Biden’s \$100 billion. Democratic leaders like John Podesta are telling Biden to build back without GOP support, as Republicans seem to be intent on reducing the scope of the president’s infrastructure plans.

U.S., Mexico Trade Complaints Under USMCA Labor Provisions

If you build it, they will come. The U.S. May 12 filed its first request under the novel Rapid Response Labor Mechanism in the U.S.-Mexico-Canada Agreement (USMCA),

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asking Mexico to review whether workers at a General Motors (GM) facility are being denied the right of free association and collective bargaining. “Using USMCA to help protect freedom of association and collective bargaining rights in Mexico helps workers both at home and in Mexico, by stopping a race to the bottom. It also supports Mexico’s efforts to implement its recent labor law reforms,” U.S. Trade Representative (USTR) Katherine Tai said in announcing the action.

Along with the U.S. request, Tai directed the Treasury secretary to suspend the final settlement of customs accounts related to entries of goods from GM’s Silao facility. Under the USMCA, “liquidation will resume once there is an agreement by the Parties that there is no Denial of Rights or a finding by a panel that there is no Denial of Rights,” the USTR’s office noted.

The same day, Mexico sent a letter to Labor Secretary Martin Walsh conveying its “comments and concerns” regarding non-compliance with labor laws detected in U.S. agricultural and protein-processing industries in the U.S. Specific concerns include: non-payment of salary and overtime; lack of federal regulation regarding heat stress; and employers’ non-compliance with COVID-19 protocols.

“It is important to note that the USMCA promotes the application of fundamental labor rights; seeks to guarantee protection for migrant workers; promotes an agenda of cooperation in applying international labor rights; and encourages dialogue to address differences related to applying the commitments included in Chapter 23,” the Mexican government said in a press release May 12.

When the USMCA came into effect in July 2020, the U.S. named panelists for the Rapid Response Labor Mechanism, a “key tool” for the enforcement of the USMCA labor protections (see [WTTL](#), July 6, 2020, page 4). At the same time, Labor’s Bureau of International Labor Affairs (ILAB) empaneled an Interagency Labor Committee for Monitoring and Enforcement, to be co-chaired with the USTR.

Lawmakers and union groups embraced the U.S. action. “In this case, Mexican workers took advantage of the hotline established in the Implementation Act to report potential violations at this facility to the U.S. government. The Implementation Act also provided unprecedented, requisite funding to USTR and DOL so that both agencies would have the resources necessary to bring cases like this one,” Reps. Richard Neal (D-Mass.), Earl Blumenauer (D-Ore.) and Dan Kildee (D-Mich.) said in a joint statement.

“The U.S. government, for the first time, self-initiated action to flag specific labor concerns and will consult with Mexican officials to investigate and remedy the situation so that workers can be certain their votes will be counted and their union is one of their choosing,” United Steelworkers (USW) International President Tom Conway said in a statement.

Biden Executive Order on Cybersecurity Sets Software Standards

Following the ransomware attack on the Colonial Pipeline, and both Chinese and Russian attacks early in his administration, President Biden issued an Executive Order May 12 to shore up the federal government's cyber defense. The order also follows the G7 meeting a week earlier in which partners set benchmarks for all nations to operate in cyberspace (see **WTTL**, May 10, page 5).

The 34-page document directs Commerce to establish standards for software vendors selling software to the federal government. It designates National Institute of Standards and Technology (NIST) to publish preliminary supply chain security guidelines within six months and final guidelines in 12 months. The guidelines should include how to check source code for vulnerabilities as well as how to find flaws. It would also create a board to review significant incidents as well as test vendors' products for security flaws before they are sold to government agencies.

Government contractors are required to report severe cyber incidences within three days to both the Office of Management and Budget (OMB) and Homeland Security (DHS). They should be free from contractual liabilities to report federal agencies' breaches.

Experts hope that the administration's push would have a serious knock-on effect in the larger cybersphere and the way corporations approach cybersecurity. Since the Biden administration took office, Russian cybercrimes have been costly to more than 100 U.S. corporations as well as nine federal agencies. At the same time, Chinese actors have affected tens of thousands of small- and medium-size corporations.

Tai Looks to Future for Administration's Trade Agenda

After two days of hearings at the Senate Finance and House Ways and Means committees on the administration's trade agenda, U.S. Trade Representative (USTR) Katherine Tai May 12-13 expressed support for a number of congressional efforts, including renewing the expired Generalized System of Preferences (GSP) and Trade Promotion Authority (TPA), but wouldn't commit to specific timeframes.

After lawmakers introduced legislation establishing an inspector general (IG) for the office, Tai previously released a set of principles that "establish the foundation for a high transparency standard for the day-to-day operations" of the USTR's office (see **WTTL**, May 10, page 5).

During the hearings, Tai cited her agency's work on ongoing disputes with the European Union (EU) and the United Kingdom (UK). The USTR's office is working to "resolve the ongoing Boeing-Airbus dispute and are having constructive discussions to address the real problem of overcapacity in the steel and aluminum sectors coming primarily from China. These talks will take time, but I believe a resolution is possible and worth pursuing," Tai told Ways and Means.

She also addressed the Biden administration's recent support for a temporary waiver of intellectual property (IP) protection for COVID-19 vaccines (see **WTTL**, May 10, page 2). "We will pursue text-based negotiations at the WTO, which may take time. But I am encouraged that other countries have already announced that they will roll up their sleeves and join us," Tai said.

On tariffs, Tai admitted she needed modern tools to address 2021 problems. "We do need new tools, and this is an area the administration and this committee in Congress can really make strides to strengthen the trade enforcement and leveling of the playing field. The steel and aluminum tariffs that were necessary to address a problem driven largely but not solely by China," she told Finance.

In general, Tai distinguished the administration's policies from the previous office-holder. "We are turning the page on erratic trade policies. USTR's goal is to pursue smarter policies that expand global market opportunities while enforcing global trade standards and ensuring that trading partners live up to their commitments," she added.

In response to questions about the Trans-Pacific Partnership (TPP) and specific trade agreements with the UK and Kenya, Tai was noncommittal. Sen. Mike Crapo (R-Idaho) addressed these omissions in his opening statement. "While I understand you believe the [TPP] may have become dated, I see value in an agreement with new disciplines, including on digital trade. However, that means we must start thinking about how to modernize TPP, or what other structures we can use for U.S. engagement in the Asia-Pacific. We cannot simply take a 'timeout' from the region," he said.

* * * **Briefs** * * *

FIREARMS: BIS May 7 updated FAQ on website to reflect Ninth Circuit Court of Appeals ruling on 3D-printed guns and associated files. "In the interim, all persons engaged in manufacturing, exporting, temporarily importing, brokering, or furnishing defense services related to 'technical data and software directly related to the production of firearms or firearm parts using a 3D-printer or similar equipment' must continue to treat such technical data and software as subject to control on the USML," new FAQ reads. Like BIS, recent guidance on DDTC website cautions: "The district court's injunction remains in place until the appellate process is complete" (see **WTTL**, May 10, page 1). Appeals court in April opened the door to online gun blueprints, reversing lower court's injunction against moving from State to Commerce jurisdiction.

SOYBEAN MEAL: In 5-0 preliminary vote May 14, ITC determined U.S. industry may be injured by allegedly dumped and subsidized imports of organic soybean meal from India.

SNOW THROWERS: In 5-0 preliminary vote May 13, ITC found U.S. industry may be injured by allegedly dumped and subsidized imports of walk-behind snow throwers from China.

STEEL WIRE STRAND: In 5-0 final vote May 11, ITC determined U.S. industry is materially injured by dumped imports of prestressed concrete steel wire strand from Indonesia, Italy, Malaysia, South Africa, Spain, Tunisia and Ukraine. Commission also made negative finding on critical circumstances on imports from Indonesia.

FORCED LABOR: CBP in Kansas City, Mo., May 12 seized shipment of 4.68 million latex gloves produced in Malaysia by subsidiary of Top Glove under forced labor finding. Week earlier, CBP in Cleveland 3.97 million nitrile disposable gloves (see **WTTL**, May 10, page 8). In March, agency determined disposable gloves produced in Malaysia by Top Glove using forced labor are being, or are likely to be, imported into U.S. Estimated value of latest shipment was \$690,000.

ORGANIC FOOD: Mexico May 7 extended compliance deadline for U.S. organic exports to be certified under its Organic Products Law (LPO) to Dec. 31. “USDA will continue to work with U.S. organic exporters to assist in transitioning to LPO compliance and will continue to provide updates as necessary. This is another important step for American agriculture and for maintaining positive bilateral relations” between U.S. and Mexico, Agriculture Secretary Tom Vilsack said in statement.

TRADE PEOPLE: Former Economic Policy Institute (EPI) President Thea Lee joined Labor May 10 as deputy undersecretary to lead International Labor Affairs Bureau (ILAB). “I look forward to supporting the administration’s ambitious efforts to define and build out a ‘worker-centered trade and foreign policy,’” Lee said in statement. Prior to EPI, Lee served as AFL-CIO deputy chief of staff (see **WTTL**, Oct. 2, 2017, page 7).

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