

ORRIN G. HATCH
FOUNDATION

HATCH CENTER SYMPOSIUM

The Future of
GEO-ECONOMICS
and
INTERNATIONAL TRADE



SYMPOSIUM REPORT

February 2020

INTRODUCTION



International trade and geo-economics continue to be defining issues in the current political climate. Over a few short decades, economies around the world have become increasingly intertwined, yielding a level of historically unparalleled globalization. As the United States generates over a fifth of the world's total income, it holds a crucial position in shaping international trade policy and influencing the future of these trends. Recognizing this, the Trump administration has been especially focused on changing US trade policy and bringing issues like tariffs, free trade agreements, and trade deficits to the forefront of many political debates. In recent weeks, the widespread impact of the COVID-19 pandemic on domestic and global markets has only underscored the benefits and weaknesses of our modern global economy. In light of these developments, the Hatch Center—the policy arm of the Orrin G. Hatch Foundation—brought together key players from core US industries and government, including US Trade Representative Robert E. Lighthizer, to discuss the future of these ever-changing issues. In addition to providing a brief summary of recent developments in US trade policy, this report summarizes the Hatch Center's recent symposium and concludes with suggestions and predictions for international trade and geo-economics going forward.



US trade policy has often fluctuated over the past two centuries, oscillating between protectionist and liberal approaches. From the early 19th century to the mid-20th century, trade policy focused on ultra-protectionist principles, culminating in the Smoot-Hawley Tariff Act of 1930 and increasing tariffs on all imports by nearly 60 percent.¹ After the act backfired miserably and further crippled the economy,² government leaders began liberalizing US trade policy, decreasing tariffs and removing other barriers.³ This led to a dramatic increase in globalization, with trade growing from \$302 billion in 1970 to \$3.8 trillion in 1993.⁴ After a brief period of predominantly global trade agreements, US

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trade policy shifted towards smaller free trade agreements that better allowed the United States to advocate and enforce its own interests.⁵ With these agreements, economies became more linked as production, assembly, and sales frequently crossed borders.⁶ But as these agreements brought increased dependency on foreign production, higher trade deficits, and other concerns, trade policy again shifted towards a mix of protectionist and liberal approaches.⁷ Today, debates on trade policy continue to echo these themes of protectionism, liberalization, and many gradations in between.⁸ In particular, four recent developments, including the COVID-19 pandemic, have shaped much of the contemporary debate.

North American Free Trade Agreement (NAFTA) & US-Mexico-Canada Agreement (USMCA)

In 1994, the United States, Canada, and Mexico entered into the North American Free Trade Agreement (NAFTA), eliminating many trade restrictions between the countries.⁹ NAFTA provisions also created protections for intellectual property, established dispute resolution mechanisms, and implemented labor and environmental



safeguards.¹⁰ This revolutionized trade in North America, tripling regional trade and significantly increasing cross-border investment.¹¹

Despite these successes, NAFTA was not without criticism. Between 1994 and 2010, nearly 683,000 US jobs were outsourced to Mexico, 80 percent of which came from the manufacturing industry.¹² Other companies used the threat of outsourcing work to leverage unions and suppress wage growth.¹³ Mexico experienced negative effects as well, losing nearly 1.3 million farming jobs after Congress passed the 2002 Farm Bill subsidizing US agriculture, which then allowed US farmers to sell many products in Mexico below cost.¹⁴ Mexican agribusiness reacted to this competition by using more fertilizers and chemicals, dramatically increasing pollution costs and deforestation.¹⁵ NAFTA's labor protections were also insufficient as workers in maquiladora programs (US companies employing Mexican workers near the border) had “no labor rights or health protections.”¹⁶



Ambassador Robert E. Lighthizer

UNITED STATES TRADE REPRESENTATIVE

Robert E. Lighthizer was sworn in as United States Trade Representative on May 15, 2017.

An experienced trade negotiator, Ambassador Lighthizer brings a history of tough US trade enforcement and a reputation for standing up for American workers and businesses. Ambassador Lighthizer recently led successful negotiations on the USMCA, US-China Phase One agreement, and the US-Japan Trade agreement.

Prior to being appointed by President Trump, Ambassador Lighthizer was a partner at Skadden, where he practiced international trade law for 30 years. His work on behalf of American workers opened markets to US exports and defended US industries from unfair trade practices. He was a well-known advocate for the “America First” trade policies supported by President Trump.

Before joining Skadden, Ambassador Lighthizer served as Deputy USTR for President Ronald Reagan, negotiating two dozen bilateral international agreements. As Deputy USTR, he also served as Vice Chairman of the Board of the Overseas Private Investment Corporation.

Prior to becoming Deputy USTR, Ambassador Lighthizer was Chief of Staff of the US Senate Finance Committee for Chairman Bob Dole. He was a key player in enacting the Economic Recovery Tax Act of 1981, the most significant tax reform in decades.

Ambassador Lighthizer earned his bachelor’s degree and JD from Georgetown University. He is a native of Ashtabula, Ohio, and has two children.



In late 2018, the Trump administration began renegotiating NAFTA to better capitalize on the benefits of liberalized North American trade while also combating the drawbacks.¹⁷ After several iterations, Congress passed and President Trump signed the US-Mexico-Canada Agreement (USMCA) in January 2020.¹⁸ This new agreement had a variety of new provisions, including requirements that 75 percent of each vehicle originate in the member countries (previously it was 62.5 percent); increased protections for labor, intellectual property, and digital trading; commitments to liberalize financial services markets; commitments to be more transparent with currency issues; and commitments to increase environmental protections.¹⁹

Trans-Pacific Partnership (TPP)

After several Pacific Rim countries entered a trade agreement in 2005, the United States in 2008 began negotiating with this group and several other countries in what later became the Trans-Pacific Partnership in 2016.²⁰ The TPP covered various topics, including tariffs, investment, intellectual property, e-commerce, labor and environmental standards, and dispute resolution.²¹ Generally, the deal was expected to benefit the United

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States by gaining greater access to key markets, reducing prices for consumers, increasing cross-border investment, and boosting US exports.²² After all, the agreement liberalized trade between economies making up 40 percent of global GDP.²³ There were also hopes that the TPP would strengthen US-Asian alliances.²⁴

Similar to the critiques of NAFTA, many opposed the TPP as it outsourced more manufacturing jobs, increased the trade deficit, and inadequately protected the United States from currency manipulation.²⁵ Others also considered the labor and environmental protections to be too vague or difficult to enforce.²⁶ Ultimately, the United States withdrew from the TPP in 2017.²⁷

US-China Phase One Deal

From the beginning of his campaign during the 2016 election, President Trump vowed to confront China and its unfair economic practices.²⁸ After taking office, the President took steps to uphold this promise. Over the last few years, the administration has imposed several rounds of tariffs targeting \$550 billion worth of Chinese goods across multiple industries.²⁹ China retaliated with tariffs on around \$185 billion worth of US goods.³⁰ The USTR played a key role in these events, both proposing and imposing trade restrictions based on its authority under the Trade Acts of 1962 and 1974.³¹

In late 2019, the United States and China stepped back from the brink of a full-blown trade war, and on January 15, 2020, the countries signed a Phase One agreement.³² Generally, the deal is designed to cut US tariffs and boost China's purchase of US products.³³ Specifically, the deal reduces tariffs from 15 to 7.5 percent on \$120 billion worth of Chinese products while leaving the bulk of tariffs in place.³⁴ China also agreed to purchase at least \$200 billion worth of US products over a two-year period.³⁵ The deal also addressed concerns related to intellectual property, technology transfer, currency manipulation, and foreign exchange rates.³⁶

Since January, China has significantly reduced tariffs and exempted other goods from duties.³⁷ The Phase One deal has a key enforcement mechanism: Either side may take unilateral action in suspending the terms of the agreement should negotiations over noncompliance be unsuccessful. Additionally, the noncompliant party is forbidden from implementing counter penalties (though it may withdraw from the agreement altogether).³⁸ The agreement does not address other critical issues, such as Chinese subsidies or

other industrial policies, but many hope these issues can be resolved in a Phase Two agreement.³⁹ Some commentators are uncertain whether a Phase Two agreement will actually occur or be successful given the volatility of the situation, but many are hopeful.⁴⁰

COVID-19 Pandemic

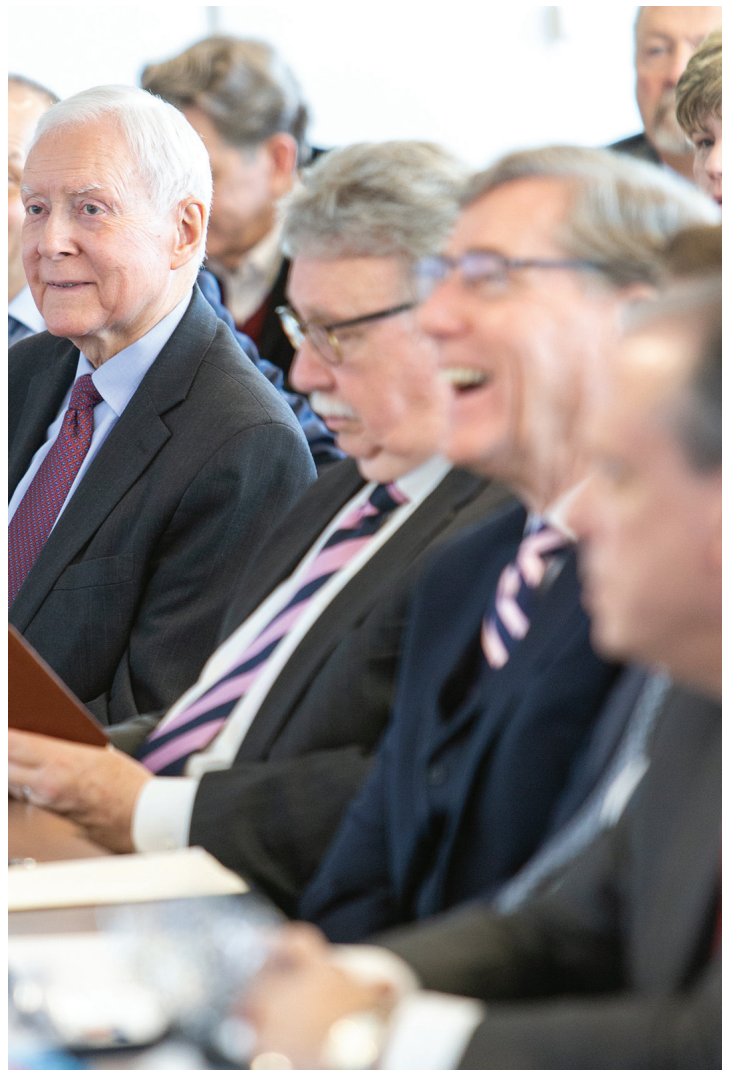
While the COVID-19 pandemic is first and foremost a health crisis,⁴¹ it has drastically impacted domestic and global economies. Because of the pandemic, US financial markets experienced historically sharp drops⁴² and supply chains slowed dramatically.⁴³ As governments at all levels have taken steps to curb the spread of this fast-spreading virus, many consumers were told to stay home and avoid much of their usual economic activities, like shopping, travel, or entertainment.⁴⁴ And as consumer demand has plummeted in many sectors, shuttered companies have been forced to layoff and furlough employees.⁴⁵ These shutdowns have already yielded over 36 million new unemployment benefit claims—a number nearly equivalent to the *total* number of unemployment claims during the Great Recession (just over 37 million).⁴⁷ High unemployment rates only exacerbate decreases in demand, furthering this downward economic cycle. In response to this pandemic, the federal and state governments in the United States have taken numerous measures to bolster small business, incentivize consumer spending, stimulate financial markets, and offset unemployment spikes.⁴⁸ Recently, states have also begun slowly reopening their economies to reverse these economic tolls.⁴⁹





Economies around the world have also felt a domino effect as countries like China and the United States take measures to combat the coronavirus. As the largest exporter (\$2.524 trillion in 2019) and the second-largest importer of manufacturing goods (\$1.674 trillion in 2019),⁵⁰ China’s necessary reaction to the virus and the resulting economic slowdown has rippled throughout the global economy.⁵¹ As of April, the US economy is also expected to contract considerably, with 2020 GDP forecasts shrinking 0.4 percent or an approximately \$3.5 trillion loss in total expected output.⁵² Because of the necessary efforts to combat this virus, experts expect world trade to fall anywhere between 13 and 32 percent in 2020 as a result.⁵³

Perhaps more than anything else, the recent pandemic has highlighted how dependent US markets are on foreign supply. As countries have restricted trade and travel—and as supply chains are disrupted by warehouse closures, sick employees, or fears of spreading the virus—exports decrease, and other countries dependent upon those goods are no longer able to assemble or sell these wares.⁵⁴ As one article put it, “[o]ne sector’s problem quickly becomes every sector’s problem.”⁵⁵ Because of the virus’s dramatic impact on the US economy, lessons learned from COVID-19 will likely shape US trade policy for years to come.



SYMPOSIUM SUMMARY

With these global developments as a backdrop, the Hatch Center brought together key players from both government and core US industries to discuss the future of international trade. Specifically, the event's panel was comprised of leaders from the auto, medical devices, wellness, technology, agriculture, direct sales, and mining industries. Panelists included: Dean Fitzpatrick, Larry H. Miller Dealerships; Rob Fredericks, Becton Dickinson; Shane Manwaring, doTERRA; Carine Clark, Silicon Slopes; Ron Gibson, Utah Farm Bureau; Rich Hartvigsen, Nu Skin; Josh Brown, Rio Tinto; and Miles Hansen, World Trade Center Utah. The Hatch Center was also honored to host Ambassador Robert E. Lighthizer, the United States Trade Representative and the symposium's keynote speaker. Matt Sandgren, the Hatch Center's executive director, moderated the discussion.

Ambassador Robert E. Lighthizer, United States Trade Representative⁵⁶

For Ambassador Lighthizer and the current administration, free trade is not reducible to basic economic principles of efficiency and cost. When trade policy focuses exclusively on maximizing efficiency to produce the cheapest product, the country may end up far from where we want it to be. Instead, proper trade policy *first* determines economic goals and *then* shapes policy to achieve them.

For example, the United States for many years has attempted to maximize efficiency in manufacturing, outsourcing millions of jobs to other countries that could

perform the work more efficiently. The result? Entire communities in the Midwest and Northeast have been hollowed out. Thus, as Ambassador Lighthizer quipped, good trade policy is about more than “getting cheaper t-shirts.” Accordingly, the Trump administration's focus has been on broader goals—bringing the deficit down, bringing back manufacturing jobs, and increasing wages to ensure the health and vitality of the American people while also maintaining efficiency. In working to achieve these goals, Ambassador Lighthizer has helped the President rewrite the rules of trade and renegotiate key agreements.

Take USMCA. This agreement garnered bipartisan support from both houses of Congress and was endorsed by businesses, the agriculture industry, and even unions. USMCA aims to increase wages, bring back manufacturing jobs, and help core industries like farming. While nine of the last eleven automobile manufacturing plants built in North America were built in Mexico, Ambassador Lighthizer is confident that USMCA will help counteract this trend.

Relations with China have been quite volatile over the last three years, but Ambassador Lighthizer views the future with optimism. While the United States and China have always been strategic adversaries, the only way to properly deal with China is to jointly create rules under which both countries can prosper. Leading up to the Phase One agreement, the United States needed to stand firm, imposing tariffs on \$250 billion worth of Chinese products at 5 percent and another \$120 to \$130 billion at 7.5 percent. These actions were key to helping China understand that it must deal fairly with the United States.



A. Scott Anderson

PRESIDENT AND CEO, ZIONS FIRST NATIONAL BANK

A. Scott Anderson is president and chief executive officer of Zions First National Bank. Founded in 1873, Zions Bank is Utah's oldest financial institution and is the only local bank with a statewide distribution of branches. A native of Salt Lake City, Anderson joined Zions Bank in December of 1990.

Anderson received a bachelor's degree in philosophy and economics from Columbia University in New York. He also received a master's degree in economics and international studies from Johns Hopkins University in Baltimore, Maryland.

Active in community affairs, Anderson is currently serving on a number of business and nonprofit boards, including Chairman of the Orrin G. Hatch Foundation.

Although the Phase One deal will not solve every problem, Ambassador Lighthizer considers it a crucial step in overcoming past inequities. Perhaps the most critical aspect of this agreement is that it is in writing. In the history of US-China trade relations, this is the first time that China has committed *in writing* to real structural change, making enforcement of the deal more effective going forward.

The United States has also engaged in negotiations with Japan, South Korea, and in forty other smaller agreements covering everything from potatoes to poultry. Each of these agreements aim at one thing: remedying inequities and ensuring continued US economic vitality. Ambassador Lighthizer is eager to continue rewriting the rules of international trade to support fairness, job protection, increased wages, and a healthier economy.



Panel Summary⁵⁷

The panel fielded questions on a range of issues—from trade policy costs and intellectual property protections to global supply chain disruptions and emerging markets.

Overwhelmingly, the panelists expressed their appreciation for USTR and its efforts in remedying inequities and ensuring American interests. Mr. Rich Hartvigsen of Nu Skin expressed his gratitude to the administration for its help in entering new markets. During the mid-1990s, Nu Skin looked to enter the Chinese market, but because China had banned all direct selling (Nu Skin’s business model), entry was nearly



Matt Sandgren

Executive Director, ORRIN G. HATCH FOUNDATION

Matt Sandgren serves as the executive director of the Orrin G. Hatch Foundation, a nonprofit organization focused on promoting commonsense solutions to the nation’s most pressing problems. Previously, Sandgren directed the legislative, communications, and political activities as Senator Orrin G. Hatch’s chief of staff during his final and most effective years as a lawmaker.

A Capitol Hill Veteran with more than 15 years of experience, Sandgren also served as senior counsel on the Senate Judiciary Committee. Beyond intellectual property and technology policy issues, Sandgren’s legislative portfolio spanned a significant portion of the Judiciary Committee’s jurisdiction, including biotechnology, pharmaceutical (Hatch-Waxman), cybersecurity, immigration, internet governance, and privacy issues. He likewise served as Senator Hatch’s staff director for the Senate Republican High-Tech Task Force and as lead counsel for the International Creativity and Theft Prevention Caucus.

Sandgren earned a BA from Brigham Young University, a JD from The University of Tulsa, and an LLM from The George Washington University. He is a member of the Utah, District of Columbia, and US Supreme Court bars.



Dean Fitzpatrick

President, LARRY H. MILLER DEALERSHIPS

Dean Fitzpatrick joined the LHM Group in 1988. In 2012, he was named president of Larry H. Miller Dealerships. In this capacity, he manages a staff of dedicated employees and oversees automotive operations in seven states for more than 60 dealerships representing 20 automotive brands.

From 1997 to 2010, he was general manager of LHM Chrysler Jeep Dodge RAM Sandy. From 2006 to 2009, Dean served as general manager of LHM Subaru Sandy and assumed oversight of LHM Chrysler Jeep Dodge RAM Bountiful. In 2010, he was promoted to regional performance manager for Provo, Utah, when the Group acquired three Brent Brown dealerships. He was later named general manager of all three stores in addition to assuming responsibilities for LHM Collision Center Orem and LHM Used Car Supermarket Orem.

Dean earned a bachelor's degree in marketing from the University of Utah. He currently serves on several boards related to the automotive industry.

impossible. After China acceded to the World Trade Organization, USTR pressed the country to allow direct sales, and seven years later, China finally allowed direct selling. Now a third of all Nu Skin's global sales take place in China. Nu Skin's relationship with USTR continues today as the direct selling industry's China working group maintains close communication with USTR each time it encounters problems in that market.

Mr. Shane Manwaring of doTERRA expressed similar gratitude to USTR for its assistance in helping companies like his access new international markets. Companies like doTERRA that sell essential oils or related products have come to rely on an international demand for US premium quality goods. As such, the company has kept firm standards in acquiring only the highest-quality inputs to produce the best-quality products. Even as the company maintains its own quality, however, it often finds itself competing with counterfeits that do not have the same quality and often undercut doTERRA's ability to maintain its names and brands. Thus, guarding intellectual property and preventing counterfeit is of grave concern for many multinational companies. In fact, every panelist agreed that counterfeit had touched some aspect of their respective industries—a market disruption that costs the US economy billions of dollars. Manwaring specifically was grateful to USTR for its efforts in advancing USMCA and the Phase One deal—agreements that contain specific provisions to help protect intellectual property rights. Requiring countries like Mexico and Canada under USMCA to intercept counterfeits before the products reach buyers is just one way in which the current administration is trying to protect American companies.

Ms. Carine Clark of Silicon Slopes also expressed her concerns from the technology industry's perspective. For years, technology companies were seduced by markets like China that promised large returns, only to have their technology stolen and sold at lower costs. To be sure, the Phase One deal provides certain protections, but Clark is still worried about the deal's enforcement and the additional protections that a Phase Two deal could provide.





Rich Hartvigsen

VP Global Relations & General Counsel, NU SKIN

Rich serves as Vice President of Global Government and Industry Affairs for Nu Skin Enterprises. Since joining Nu Skin in 1989, he has represented the company in many roles, including General Counsel; General Counsel of International Operations; Director of Legal Affairs and Chairman of Strategic Development. Rich has worked extensively in developing Nu Skin's fifty-plus global markets, has lived in the Asia-Pacific region, and speaks Mandarin Chinese.

He has testified for the US Senate Finance Committee on international business and the importance of APEC and corollary international trade agreements. Rich has chaired Global Regulatory Affairs, Legal, International, and Government Relations and China Working Group councils for the World Federation of Direct Selling Associations (WFDSA) and US Direct Selling Associations (USDSA). He has also served on the USDSA Board of Directors. He currently serves on the Board of Directors and Executive Committees of World Trade Center, Utah, and the Board of Governors for the Salt Lake City Chamber of Commerce. He was a recent panelist for an East-West Institute dialogue with China's Central Government and Communist Party leaders in Beijing.

Rich received a BA and JD from Brigham Young University. He is married to Karolyn Smith, and they are the proud parents of five children.

Addressing these concerns, Ambassador Lighthizer reiterated the strength of the enforcement provisions of the Phase One deal. As the first written agreement that China has entered into with a clear enforcement provision, the deal allows USTR to address domestic complaints as they come, negotiate with China, and even take unilateral action to offset any perverse benefit from noncompliance. As the United States takes consistent action against China for any unfair trade practices, Ambassador Lighthizer suspects that China will start enforcing the deal's provisions against its own domestic industries to ensure compliance. Not only are there robust enforcement provisions in the Phase One deal, but Ambassador Lighthizer and his office are “go[ing] to bat” for domestic businesses to enforce these provisions unlike the many USTRs that preceded him.

Mr. Ron Gibson of the Utah Farm Bureau similarly lauded USTR for the USMCA and its protection of American farmers and ranchers. Specifically, Mr. Gibson appreciated USTR's efforts in bringing the importance of domestic agriculture to the forefront of the trade debate. Not only is agriculture an important US export, but it is also vital to national security. When the country becomes dependent on others for its food supply, it has just ceded the most important part of its national security: self-sustainability.



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Mr. Gibson expressed his gratitude for the government's support given his circumstances in Utah. There are some places in the United States (like the Midwest) where a farmer going out of business is usually replaced by another farmer. But in places like Utah where the population continues to grow, a farmer's land will instead be replaced by homes and business, losing key agriculture land and production. Thus, protecting the agriculture industry in places like Utah is especially vital.

Mr. Josh Brown of Rio Tinto pointed to another intersection of trade and national security: critical minerals. Rare earth metals such as copper can be found in many of the products we use in our daily lives, such as cell phones and computers. In the last few years, the United States has become more dependent on importing these critical minerals—something China has taken advantage of. To combat this trend, Rio Tinto, the Department of Energy, the Department of Defense, and other groups are working to increase American independence in this critical industry through innovative extraction and production methods. Innovation is perhaps the greatest chance the country has for overcoming dependence on China.

Critical minerals are not the only area in which the United States has become dependent. Consider the global

supply chain disruptions caused by the COVID-19 pandemic.⁵⁸ For Mr. Rob Fredericks of Becton Dickinson, US dependency on cross-border supply chains is especially acute. In his industry, medical devices are sold in kits. These kits are sourced from one country, manufactured piecemeal in several different countries, packaged in another country, sterilized in yet another, and then sold across the globe. Because of FDA guidelines, if even one of the *least* important parts is unattainable because of trade restrictions or disruptions like COVID-19, the *entire* kit cannot be sold—no matter its near completeness. Setting the pandemic aside, any barriers to free and fair trade can completely stonewall critical industries that rely on foreign supply chain inputs.

Other industries can also become more dependent on foreign trade as demand shifts over time. Mr. Dean Fitzpatrick of Larry H. Miller Dealerships shared how the auto industry is especially impacted by this, with electric cars being one example. Although these vehicles only make up a small portion of the current US market, forecasts and heavy manufacturer investment in this technology suggest that electric cars will grow to around 10 percent of the US market by 2030. As US demand increases, the demand for electric car batteries will also increase. But



Miles Hansen

CEO & President, WORLD TRADE CENTER UTAH

Miles Hansen is the president and CEO of World Trade Center Utah, an organization dedicated to promoting prosperity across the state by attracting investment and increasing exports. Hansen was most recently the Director for Gulf Affairs at the National Security Council in the White House. Prior to that, he served as a staff aide to the State Department's Assistant Secretary for Near Eastern Affairs.

As a diplomat, Hansen was the energy and economic officer at US Consulate General Dhahran in Saudi Arabia's oil-rich Eastern Province, where he served as a liaison with Saudi Aramco and advised US government and private-sector leaders on the Saudi energy industry and economic reform agenda. He also served tours focused on Iran at US Embassy Yerevan, Armenia, and the Iran Regional Presence Office at US Consulate General Dubai. Before joining the State Department as a Thomas R. Pickering Fellow, Hansen started his career in Utah as a Special Assistant in the Office of the Lieutenant Governor.

Hansen is a graduate of the Johns Hopkins University School of Advanced International Studies and Brigham Young University. A speaker of Russian, Farsi and Arabic, Hansen has firsthand experience in more than 70 countries and is a term member of the Council on Foreign Relations.

because these batteries are primarily produced in Asia and Europe, the industry's dependence on foreign imports would also increase. As Ambassador Lighthizer pointed out, however, USMCA already has provisions mandating that batteries and other key components of electric cars be produced either in the United States or, alternatively, in North America. This agreement should combat a growing dependency on foreign trade in the electric car industry.

Along with specific industries, international trade also impacts specific US markets. In Utah, for example, Mr. Miles Hansen of World Trade Center Utah explained that 1 in 5 Utah jobs come from international trade with 35 companies across 30 industries engaging in international trade throughout the state. It is also estimated that over 100 countries purchase Utah exports, with *Utah* products making up over 50 percent of total *US* exports to the United Kingdom in 2019.⁵⁹ Unsurprisingly, HSBC spends far more time in Utah working with internationally expanding companies than in Colorado where it recently placed its regional headquarters. As Mr. Hansen concluded, any change in US trade policy significantly impacts the Utah economy.

Ambassador Lighthizer stated that free trade is not merely reducible to basic principles of efficiency. Instead,

trade policy is a far more complex effort, involving an economic vision and subsequent policy to accomplish it. Decreasing the deficit, bringing back jobs, bolstering key industries like farming, raising wages, and improving national security through decreased foreign dependency are all means by which the current administration achieves its vision of an independent and economically sustainable America.⁶⁰

If recent events have proven one thing, it is that predicting the future of international trade and global economics is a highly speculative endeavor. Less than a year ago, trade headlines focused on US-China relations,⁶¹ while now, several months later, those headlines almost exclusively cover the economic impact of COVID-19.⁶² Even since the Hatch Center held its symposium in February, the dialogue has shifted drastically—hence the panel's relatively little discussion of COVID-19. Yet despite the volatility of this area of study, there are several key insights that can be drawn from the symposium and recent events that will positively impact US trade policy going forward.

On the forefront of many policy experts' minds is how to prevent a cousin of COVID-19 from inflicting



Rob Fredericks

VP & General Manager, Vascular Devices, BECTON DICKINSON

Rob Fredericks is the Vice President and General Manager of Vascular Access Devices, a business group within Becton, Dickinson and Company that designs, manufactures, and commercializes innovative medical devices. Rob joined Becton Dickinson with the company's acquisition of C.R. Bard in 2017, where he led the Bard Access Systems division, based in Salt Lake City.

Previously, Rob worked for more than a decade at Medtronic Spinal, serving in commercial and functional leadership positions with the Cardiac Rhythm Management, Diabetes, and Spinal businesses. In his time at Medtronic, Rob gained global experience, having lived and worked in Europe, having had direct responsibility for teams in Asia, and having worked across a number of global business segments and therapeutic areas. At the beginning of his career, Rob worked in Investment Banking and Consulting, including roles with PaineWebber Incorporated, Simmons & Company International, and McKinsey & Company.

Rob attended Rice University in Houston, Texas, where he earned degrees in economics and civil engineering. In 1999, he earned an MBA from the University of Pennsylvania, Wharton School.



Shane Manwaring

Corporate Counsel, doTERRA

Shane Manwaring is an in-house legal counsel for doTERRA, a multi-billion dollar, direct sales, essential oil company based in Pleasant Grove, Utah. Practicing law for over twelve years Shane has worked directly on trade issues affecting manufacturing, importation, and exportation. With doTERRA, Shane oversees all legal matters for the company's operations in Europe, as well as assisting with various other legal needs both domestically and internationally. Trade matters remain a top focus of his practice.

another economic shock on the United States and the world. Much of the current rhetoric focuses on how to reverse and combat the economic impact of the pandemic *today*, but the lessons learned from this experience will no doubt impact trade policy debates for years to come. Importantly, the pandemic has demonstrated how versatile some US industries are. For example, clothing companies have recently pivoted to making facemasks,⁶³ distilleries to making hand sanitizer,⁶⁴ and auto manufacturers to making ventilators.⁶⁵ Not only has this retooling saved jobs, but it has also provided needed relief to many healthcare providers. Unfortunately, many businesses, especially small businesses, have not been able to adapt so readily.⁶⁶ Improving upon this experience will necessarily require us to improve flexibility and adaptability across



sectors. Where possible, companies should spend time investigating how to flexibly respond to widespread economic shocks in the future and how they might temporarily pivot to meet changing demands.⁶⁷

The COVID-19 pandemic has also underscored US dependency on foreign supply. If the only adverse effect of a supply shortage was decreased diversity in goods and services, this dependency would not be as bad. Unfortunately, the effects of this dependency have had much more severe consequences. It has led to a shortage of crucial medical supplies, drugs, and even coronavirus tests as exporting countries reserve these products for their own citizens.⁶⁸ More generally, nearly 75 percent of companies reported supply chain disruptions due to coronavirus-related trade restrictions in March alone, with many reporting nearly double the average lead time from China-sourced components.⁶⁹ Perhaps most alarmingly, almost half of companies did not have a plan to address these supply disruptions.⁷⁰ Some believe that supply chains will rebound quickly once there are proven therapeutics and vaccines to combat the COVID-19 pandemic,⁷¹ but enduring these challenges will not protect against future disruptions. Instead, trade agreements and companies themselves would be wise to rethink dependency on foreign supply.

Introducing supply chain redundancies and increasing lead times are both methods that may increase marginal costs in the short run but protect companies and economies from rapid collapse in the long run.⁷² Shifting to more domestic supply chains may also be an answer. As Ambassador Lighthizer pointed out during the symposium, agreements like USMCA are already trying to decrease dependency on foreign supply for things like electric car batteries, and other industries may be wise to follow suit. Decreasing dependency will protect the US economy from future shocks and bolster national security.⁷³

Pivoting from COVID-19, there are also several other broader points that will positively impact international trade going forward. As Ambassador Lighthizer noted, trade



Josh Brown

Director, Government Affairs, RIO TINTO

Josh Brown currently serves as Director of Government Affairs for Rio Tinto Americas, Rio Tinto Kennecott, and Resolution Copper. For the past eight years, he has managed and supported Kennecott's governmental needs for county, state, and federal leaders. His work focuses on policy, environment, energy, and regulation.

Brown joined Rio Tinto in 2006 at Kennecott Utah Copper as a member of the Business Improvement team. During that time, he has served as a manager of Business Improvement, Master Black Belt at various Rio Tinto business units, Six Sigma/Lean Instructor, and special projects leader.

Josh holds a BS in Chemical and Fuels Engineering from the University of Utah and a Masters of Business Administration from Westminster College.

policy will continue to focus on renegotiating, securing, and enforcing American economic interests abroad. The Trump administration plans to renegotiate agreements with the United Kingdom, the European Union, and sub-Saharan African countries to pursue balanced and reciprocal trade.⁷⁴ It has also pledged to continue to rigorously enforce US rights under existing trade agreements as it did with China and USTR's Section 301 actions.⁷⁵ While there have been empirically adverse economic effects from past liberal trade policies focused primarily on low-cost goods, future policy should still be cautious in adopting overly protectionist principles. Instead, US interests need to be protected, but without repeating the ultra-protectionist principles of the past

that led to crippled economies and global conflict.⁷⁶ In short, trade policy must walk the line of free *and* fair trade to achieve the vision of an economically independent and domestically enriched US economy.

The recent shift from multilateral to more bilateral agreements may be a solution to this delicate balance. Since the early 1990s, bilateral agreements have increased 35 percent⁷⁷—an increase that may be attributable to the flexibility and individualized nature of these agreements. Because of this flexibility, the current administration prefers bilateral agreements as they provide the United States more leverage and often simplify negotiations. Of course, increased flexibility does not ensure that the United States will perfectly capture the full benefits of an efficient global market and protect core US interests, but this flexibility provides an increased *possibility* of achieving that balance. As trade relations tend to vary from country to country, the best medium through which to maximize the benefits of both liberal and protectionist policies is likely individualized agreements, country by country.

Yet another defining issue going forward will be intellectual property protections. As the panelists demonstrated, USTR continues to help companies break into new markets while still maintaining protections for companies' intellectual property.



MOVING FORWARD

Without protecting this crucial aspect of trade, companies would be hesitant to enter potentially profitable markets, diminishing the overall benefit of global trade. USTR and the Trump administration have already demonstrated their focus on protecting intellectual property rights, and that focus must continue as the United States enters into negotiations with other countries and into China Phase Two. Of course, China Phase One is still in its infancy and the COVID-19 pandemic has only complicated matters,⁷⁸ but many are hopeful the agreement will better safeguard intellectual property, leading to even stronger protections in future agreements.

Finally, future policy will likely include an ever-increasing focus on data privacy and digital trade. To date, privacy maintains a preeminent place in political debates and has yielded comprehensive privacy legislation both domestically and around the globe.⁸⁰ Moreover, data has become an even stronger global currency,⁸¹ providing a key intersection between trade and privacy policy. Unsurprisingly, protecting and facilitating our increased reliance on data sharing and digital trading will likely dominate in future agreements.⁸² But perhaps the best starting point for protecting US data privacy abroad is first becoming unified domestically behind comprehensive federal data privacy laws. Without first establishing what US privacy interests are, future trade agreements would be hard pressed to accurately further those interests.



Carine Clark

TECH CEO & SILICON SLOPES EXECUTIVE BOARD DIRECTOR

Carine Clark is a three-time president and CEO of high-growth tech companies, specializing in helping companies scale from \$10 million to \$100 million or more. Her reputation as a data-driven marketing executive at Novell, Altiris, and Symantec opened doors to lead Allegiance, MartizCX, and Banyan as president and CEO. She attributes her success to building an abundant team culture, demonstrating that companies accelerate their growth when they multiply their people.

As a cancer survivor, Clark channels her deep appreciation for life and relationships into advocating that tech professionals pay it forward by mentoring young people. In addition, Clark serves on the executive boards of The Utah Governor's Office of Economic Development, Silicon Slopes—a non-profit helping Utah's tech community thrive—and a few public company boards. She has received numerous awards including the EY Entrepreneur Of The Year® Award in the Utah Region and Utah Business Magazine's CEO of the Year.

Clark earned a bachelor's degree in organizational communications and an MBA from Brigham Young University. She enjoys traveling, exploring, and doing hard things with her family.

CONCLUSION



Recent events have demonstrated just how crucial it is that US trade policy adapt with the times. Flexible trade policy and practices are critical in this age of globalization. Trade drives innovation, growth, productivity, efficiency, and increased quality of life. The world has made great strides since the rigid protectionist strategies of the 1930s, making the modern global economy more transparent, rules based, and predictable. This liberalization has also brought a massive increase in efficiency, growth, and diversity. As just two measures, the global gross domestic product has increased from \$1.3 trillion in 1960 to \$85.9 trillion in 2018,⁸³ and economists estimate that American real incomes are 9 percent higher today than they would have been had the United States not begun its free trade efforts after World War II.⁸⁴

But an increase in efficiency and production does not translate to economic equality or fairness.⁸⁵ Instead, efficiency must be balanced against the benefits of economic independence, national security, and adequate protection for domestic industries. Generating over 20 percent of the world's total income,⁸⁶ the United States sits in an empowered position to define and shape international policy and global trade for good. As it finds the proper balance between both free and fair trade, learning from the weaknesses of past and current events, the United States has the potential and opportunity to move both itself and the global economy toward greater strength, quality, stability, and sustainability.



Ron Gibson

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Ron Gibson is a fifth-generation dairy farmer from West Weber, Utah, and currently serves as the 18th President of the Utah Farm Bureau Federation. Established in 1916, the Federation is the state's largest and oldest voluntary organization of farmers and ranchers.

In addition to the Utah Farm Bureau, Ron also serves on the board of directors of the American Farm Bureau, Farm Bureau Mutual Holding Company, and Farm Bureau Life Insurance Company. He is the chair of Utah's AgPAC and a member of the board of directors of his local marketing co-op, as well as several other state committees. He has served on the local Farm Service Agency (FSA) committee and the National Dairy Council Reproduction Board. Gibson has spoken nationally on panels about the futures markets and the dairy industry.

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