Asian Trade Policy Issues and Washington State

October 10, 2023

GLOBAL SHOCKS

- PANDEMIC
  - Decline in industrial production and trade volumes
  - Increased focus on national security and trade
- WAR IN UKRAINE
  - Energy and food – higher prices and supply disruptions
- CLIMATE CHANGE
  - Adjustments to the comparative advantage of countries caused by changing endowments of natural resources will impact what countries export and import
  - Food security (Africa, Asia, South America.)
  - Climate change migrations
  - Natural disaster impacts on ports and other infrastructure
  - Supply chain resiliency and near-shoring
  - Impact of carbon pricing mechanisms

TRADE BARRIERS

- Export Controls
- Export Prohibitions
- Government Procurement
- Intellectual Property Rights
- Investment Restrictions/Prohibitions
- Labor Rights Violations
- Sanitary and Phytosanitary Bans/Restrictions
- Services (Restrictions, Licensing, etc.)
- State-Owned Enterprises
- Subsidies
- Tariffs
- Technical Barriers to Trade (Standards, Regulations, Labeling, Conformity Assessment)

TARIFFS

CHINA

Average Tariff	March 2018	April 2023
U.S. on China	3%	19.3%
China on U.S.	8%	21.1%
China on ROW	8%	6.5%

INDIA

50% on apples

30% on fresh and dried blueberries, cherries, cranberries, hops, and pears

VIETNAM

Armenia, Australia, Belarus, Brunei, Burma, Cambodia, Chile, China, EU-27, India, Indonesia, Japan, Kazakhstan, Kyrgyzstan, Laos, Malaysia, New Zealand, Philippines, Russia, Singapore, South Korea, Thailand and the United Kingdom.

DIGITAL TRADE

VIETNAM

- September 2022 – Vietnam passes law requiring foreign firms to store data on computer servers in Vietnam

VARIOUS COUNTRIES

- Considering imposing a digital service tax on digital service providers

EXPORT PROHIBITIONS

- China: Rare earths export prohibition
- Rare earths used in EV batteries, wind turbines, energy efficient products, EVs, semiconductors, defense products, advanced electronics, etc.
- August 2023 – China ban exports of gallium and germanium, rare earths critical input to semiconductors
- September 2023 -Malaysia announces it will ban exports of rare earth raw materials to encourage processing in the country

SUBSIDIES

- China – Made in China 10 Year Plan – Massive industrial subsidies.

- By some estimates - $500 billion for targeted sectors
  - advanced information technology
  - automated machine tools and robotics
  - aviation and space flight equipment
  - maritime engineering equipment and high-tech vessels
  - advanced rail transit equipment
  - new energy vehicles
  - power equipment
  - farm machinery
  - new materials
  - biopharmaceuticals and advanced medical products

SANITARY AND PHYTOSANITARY ISSUES

- South Korea SPS Prohibitions: apples, apricots, blueberries (Oregon allowed), peaches, pears and plums.

- Japan: 2006 granted market access to U.S. chipping potatoes