NATIONAL ASSOCIATION OF Manufacturers

Statement for the Record

National Association of Manufacturers
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House Ways and Means Committee
Subcommittee on Trade
Advancing America's Interests at the World Trade Organization's 13th Ministerial Meeting
Feb. 21, 2024



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The National Association of Manufacturers appreciates the opportunity to submit comments for the record following the Feb. 7 House Ways and Means Trade Subcommittee hearing on "Advancing America's Interests at the World Trade Organization 13th Ministerial Meeting."

The NAM is the largest manufacturing association in the U.S., representing companies of all sizes, in every industrial sector and across all 50 states. Manufacturing employs nearly 13 million workers, contributes more than $2.85 trillion to the U.S. economy annually and is one of the largest sectoral multipliers in the economy.

International trade is vital for manufacturers in the U.S. Trade enables access to basic manufacturing inputs from the global supply chain that are not available domestically and it gives companies the opportunity to sell to billions of consumers outside of the U.S. The resulting economic activity supports job creation, increases in worker productivity and innovation here at home. Trade has driven manufacturers in the U.S. to create new products and technologies that improve human health, protect the environment and boost physical and human infrastructure.

In recent decades, manufacturers in the U.S. have increased their exports significantly; in 2023, they exported $1.6 trillion worth of goods abroad. Manufacturers in the U.S. export more than half of U.S. value-added output, and exports support more than 6 million well-paying, high-skilled manufacturing jobs in this country. To support these jobs and grow our economy, manufacturers need a robust and modern rules-based global trading system. The WTO is a lynchpin for this system. When properly functioning, the WTO is a critical forum that can support the advancement of liberalized trading rules and the enforcement of fair trade. As a central element of U.S. trade policy, and in advance of the 13th WTO Ministerial Meeting, the U.S. should energetically seek the modernization and revitalization of the WTO system. If not, manufacturers in the U.S. risk falling behind their global competitors.

The NAM believes that several reforms are necessary to modernize and revitalize the WTO. For example, the WTO rulebook must be updated with new disciplines in areas such as digital trade, state-led competition and distortive subsidies that are critical for a fair and fully functioning global trading system. Concurrently, the WTO will need to strengthen its enforcement mechanisms so that countries like China cannot flout core WTO disciplines. This will require the WTO to have a strengthened and robust dispute settlement system that ensures transparent and prompt compliance with WTO rules. The NAM favors vigorous U.S. government use of WTO dispute settlement procedures to ensure foreign compliance with multilateral obligations and to eliminate unfair practices. A revitalized WTO should also deliver broad trade liberalization, including through plurilateral and sectoral agreements. Such trade liberalization is especially overdue between the U.S. and leading global economies.

For the NAM, there are additional objectives that the U.S. should pursue at the 13th WTO Ministerial Meeting. For instance, the U.S. should oppose any potential expansion of a waiver of key intellectual property commitments under the Agreement on Trade-Related Aspects of Intellectual Property Rights (TRIPS) to include broad categories of COVID-19 diagnostics and therapeutics. The proposed expansion of the waiver would jeopardize American innovation and endanger U.S. jobs, undermine future domestic investment in products that are fundamental to fighting global crises, including many diseases and health conditions other than COVID-19, and pose serious safety concerns. An expanded waiver would also raise broader systemic risks, undermining U.S. technology leadership against global competitors such as

China by allowing them a channel to unfairly seize American innovation to benefit their own domestic economies and workers. In addition, an expanded waiver would embolden countries to replicate the IP waiver concept in other international fora and for different types of technologies, including potentially energy and environmental technologies. This approach threatens U.S. manufacturing innovation and aids foreign competitors that want to chip away at American innovation.

In addition, the NAM strongly holds that the Office of the U.S. Trade Representative should reverse its October 2023 decision to drop the longstanding digital trade position of the U.S. at the WTO. This longstanding position, which has clear bipartisan support from the U.S. Congress, seeks to protect cross-border data flows, prohibit costly data localization requirements abroad, defend American digital products from discrimination and protect American IP. Manufacturers in the U.S. continuously innovate and advance technologically in a way that depends on digital trade and information flows, global communication networks and cross-border data flows. Yet these manufacturers also face growing challenges in foreign countries where restrictive digital trade and e-commerce measures impede the movement of data and information across national borders. These digital barriers severely undermine the global competitiveness of manufacturers in the U.S. and their ability to sustain and grow manufacturing by reaching new customers abroad. USTR should reverse its decision to pull back from longstanding U.S. digital trade objectives.

The NAM also believes that the U.S. should push for the permanent institution of the e-commerce moratorium at the WTO. The moratorium on customs duties for electronic transmissions is critical for manufacturers that rely on the flow of research, design, data and software in markets around the world. Allowing the moratorium to expire would inject uncertainty and impose unfair burdens on manufacturers in the U.S. If the moratorium were to be lifted, manufacturers would face new taxes in markets around the world and added costs to navigate and comply with the new customs duties. Such barriers to trade would threaten to impede the ability of manufacturers to buy, sell and operate their businesses in the U.S. and globally.

The NAM appreciates the opportunity to provide the House Ways and Means Subcommittee on Trade with perspectives of manufacturers on the WTO in advance of the 13th Ministerial Meeting. We respectfully urge you to press the Biden administration to advance the WTO objectives laid out in this statement.



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