

NADEC Trade Policy Committee Focuses on the new Global Trading Challenges of the DEC Membership

As we step off into 2023, it is apparent that our entire global trading system which most of us have grown to both understand and appreciate, has fractured and is now in the process of realignment. This raises the potential for new or enhanced markets along with the reality of being foreclosed out of other markets. Covid and the Ukraine war have been catalysts for these shifts which are now beginning to take shape. The formation of a new trading bloc between China, Russia, North Korea and Iran is now surfacing. A number of Latin American countries now lean in that direction. China's enormous influence in Africa is another potential "lean." The enhanced cooperation between the United States and the EU over the Ukraine war may result in some of the trade rough spots between the U.S. and the EU being ironed out.

In an effort to both stay on top of these shifts in the global trading relationships which we now have to deal with, and better assist our DEC members in dealing with this complex and changing trade milieu, the NADEC has reorganized its Trade Policy Committee with a series of subcommittees. This reorganization, announced at our mid-year meeting in San Bernadino, is to begin looking at trade initiatives that the NADEC may undertake in various regions around the world to enhance the opportunities for DEC members. This means focusing on projects or areas where the NADEC can work to improve the trade situation.

To that end, the Trade Policy Committee is now concentrating on trade globally with specific teams looking at the African continent, the Asia/Indo-Pacific Economic Framework and other trade initiatives, the Caribbean, Central and South America, Central Asia, India, the Middle East, the NADEC's own Southbound Trade Initiative, the U.S./EU trade situation, the U.S. U.K. trade situation, trade infrastructure (ports, rail, trucking, aviation, pipelines, etc.), hospitality and tourism, organized labor, export controls & sanctions, etc.

We thought you might find it helpful to follow some of the fascinating work being undertaken by our NADEC team as a product of this reorganization.

Latin America (This would include the Caribbean, Central and South America)
Committee Members: Mariano Parlato , Ernesto Pinal, & Peter Jones

Submission by Peter Jones:

The Committee initially began its discussion with debt swapping with China and Argentina (and other countries). As Latin American countries issue bonds via the IMF and other

organizations China is offering to buy up those bonds (indirectly this is buying debt or debt swapping) to create dependency on Chinese currency. Debt swapping allows the debtor country (ie Argentina) to use Yuan to buy Chinese goods and services rather than expensive US or Euro, at higher interest rates. This has been called creating addiction to the Yuan by one ministry in LATAM. Creating a greater dependency on China and its currency. Syngenta, one Kentucky based company which is a leading ag tech company which provides chemicals, fertilizer and data analytics for farming; it is now Chinese owned. Chinese access to this information which includes the US could be viewed as a strategic weapon. China is creating economic warfare directed at a number of countries (this was also discussed at the NADEC board meeting).

Crypto currency is another finance instrument to watch and we recommend that we have a SME discuss cryptocurrency at the next NADEC meeting. Several LATAM governments are using cryptocurrency, El Salvador has changed its national currency from the US dollar to CryptoCurrency. Tech companies are creating apps so consumers can pay for goods with an AP (this is off in the future) globally. We need to better understand this possible finance tool as it could increase in application.

The African Continent

Committee Members: W.E. Dela Cruz, Scott Blacklin, & Sandy Renner

Submission by W.E. Dela Cruz & Peter Jones:

The USA - Africa Trade Summit was attended by 49 countries, with President Biden stating that the US administration is working "with Africa " not providing "for Africa," which is a shift in policy from the past. The US Africa Trade Council and Prosper Africa were two organizations of many that were active in setting up meetings during a busy week in DC which were attended by 2 of the NADEC Trade Policy Committee members: W.E. Dela Cruz and Scott Blacklin. The Presidents of Mozambique and Angola were also present.

The trade issues in Africa are focused on (1) China and, (2) targeted financing for SME's. Coordination of funding for SME's is an initiative discussed and how to pursue it. Also, there were a number of entrepreneurs from Africa who were sent to four locations in the US due to business interests there (Nebraska, Idaho, California and East Coast location).

There is general bi-lateral interest in the private sector for Africa trade. The NADEC African Continent subcommittee conducted a discussion on the need to develop a "one easy shop" for funding, including the application of STEP grants for small businesses and smaller amounts of financing for SME's to market in Africa. There was further discussion that EXIM Bank is not divided by region but by sector (i.e., defense, agriculture etc), thus it is difficult for EXIM to focus on a particular region. This may be a structural realignment that NADEC can assist EXIM with.

This was just a preliminary peak into the current work of the Trade Policy Committee. There will be more to come as the various regions and subject areas are brought into focus. Ultimately, we are looking to each of the subcommittees to develop a series of specific undertakings that the NADEC can do to improve the trade picture for SMEs in various global markets. Some of these undertakings may well involve new legislative or appropriations efforts up on the Hill, others may involve closer work with Commerce, USTR, and the trade finance agencies (EXIM, SBA, etc.).