

The Florida Senate
BILL ANALYSIS AND FISCAL IMPACT STATEMENT

(This document is based on the provisions contained in the legislation as of the latest date listed below.)

Prepared By: The Professional Staff of the Committee on Commerce and Tourism

BILL: SM 174

INTRODUCER: Senator Pizzo

SUBJECT: Trade

DATE: October 15, 2021

REVISED: _____

	ANALYST	STAFF DIRECTOR	REFERENCE	ACTION
1.	<u>Vigrass</u>	<u>McKay</u>	<u>CM</u>	<u>Pre-meeting</u>
2.	_____	_____	<u>RC</u>	_____

I. Summary:

SM 174 commends Congress for granting Trade Promotion Authority (TPA) to the executive branch. The memorial also encourages the executive branch to negotiate a comprehensive and mutually beneficial free trade agreement between the United States and the United Kingdom, and encourages Congress to ratify such an agreement.

Legislative memorials are not subject to the Governor’s veto power and are not presented to the Governor for review. Memorials have no force of law, as they are mechanisms for formally petitioning the federal government to act on a particular subject.

II. Present Situation:

Trade Promotion Authority

Although the President has the authority to negotiate treaties with foreign countries, Congress has the sole authority to regulate international trade.¹ “The President shall have Power, by and with the Advice and Consent of the Senate to make Treaties, provided two thirds of the Senators present concur.”²

Since 1974, Congress has enacted TPA legislation that defines U.S. negotiating objectives and priorities for trade agreements and establishes consultation and notification requirements for the President to follow throughout the negotiation process.³ TPA does not provide new power to the executive branch, but rather, TPA is a legislative procedure through which Congress defines U.S. negotiating objectives and details the oversight process used during trade negotiations.⁴

¹ U.S. CONST. art. 1, s.8

² U.S. CONST. art. 2, s.2

³ Office of the United States Trade Representative, *Trade Promotion Authority*, available at <https://ustr.gov/trade-topics/trade-promotion-authority> (last visited Oct. 15, 2021).

⁴ *Id.*

TPA is only extended for limited periods, so Congress periodically reconsiders legislation to extend it and to outline future negotiation objectives.⁵ The most recent TPA expired on July 1, 2021. This precludes the opportunity to fast track trade agreements between the United States and other countries.⁶

Free Trade Agreements

A Free Trade Agreement is an agreement between two or more countries where the parties involved agree on certain trade obligations for the purpose of reducing barriers and providing a more stable and transparent trading environment. It also allows an easier process for U.S. companies to export products or services to partner markets.⁷ All U.S. Free Trade Agreements (FTAs), except the agreement with Jordan, were considered in Congress under TPA.⁸

The U.S. currently has FTAs with 20 countries. The current U.S. FTA partner countries include: Australia; Bahrain; Canada; Chile; Colombia; Costa Rica; Dominican Republic; El Salvador; Guatemala; Honduras; Israel; Jordan; Korea; Mexico; Morocco; Nicaragua; Oman; Panama; Peru; and Singapore.⁹ In 2020, the U.S., Mexico, and Canada renegotiated the North American Free Trade Agreement and entered into force the United States-Mexico-Canada Agreement on July 1, 2020.¹⁰

US and UK Trade Negotiations

In July of 2017, the U.S. – UK Trade and Investment Working Group was established to provide commercial progress for the UK and U.S. businesses, workers, and consumers to prepare for the UK's withdrawal from the European Union. On May 5, 2020, the U.S. and UK announced the formal launch of trade agreement negotiations.¹¹

With total trade at over \$250 billion a year, the U.S. and the UK are each other's largest source of foreign direct investment with about \$1 trillion invested in each other's economies.¹² More than 1.25 million U.S. workers are employed by British companies in the U.S., and over 1.5

⁵ *Id.*

⁶ Congressional Research Service, *Brexit and Outlook for US-UK Free Trade Agreement* (Jan. 14, 2021), available at <https://fas.org/sgp/crs/row/IF11123.pdf> (last visited Oct. 15, 2021).

⁷ International Trade Administration, *U.S. Free Trade Agreements*, available at <https://2016.export.gov/FTA/index.asp> (last visited Oct. 15, 2021).

⁸ Congressional Research Service, *Major Votes on Free Trade Agreements and Trade Promotion Authority* (July 22, 2020), available at <https://fas.org/sgp/crs/row/R45846.pdf> (last visited Oct. 15, 2021).

⁹ Office of the United States Trade Representative, *Free Trade Agreements*, available at <https://ustr.gov/trade-agreements/free-trade-agreements> (last visited Oct. 15, 2021).

¹⁰ Office of the United States Trade Representative, *United States-Mexico-Canada Agreement*, available at <https://ustr.gov/trade-agreements/free-trade-agreements/united-states-mexico-canada-agreement> (last visited Oct. 15, 2021).

¹¹ Office of the United States Trade Representative, *U.S.-UK Trade Agreement Negotiations*, available at <https://ustr.gov/countries-regions/europe-middle-east/europe/united-kingdom/us-uk-trade-agreement-negotiations> (last visited Oct. 15, 2021).

¹² U.S. Department of State, *U.S. Relations with the United Kingdom*. (Feb. 6, 2020), available at <https://www.state.gov/u-s-relations-with-united-kingdom/> (last visited Oct. 15, 2021).

million Britons are employed by U.S. affiliates. Additionally, the UK is the United States' 7th largest trading partner and the 5th largest export destination for U.S. goods and services.¹³

Current Trade Agreements

As part of the U.S. – UK Trade and Investment Working Group, the U.S. and the UK have signed agreements on specific products that were covered by existing agreements the U.S. maintains with the EU.¹⁴ These agreements between the U.S. and UK were entered into force on December 31, 2020, to ensure that there was no disruption in trade for specific products between the U.S. and UK. These new agreements include U.S. – UK Agreement on Trade in Wine; U.S. – UK Agreement on Mutual Recognition of Certain Distilled Spirits/Spirits Drinks; Agreement on Mutual Recognition; and Agreement on the Mutual Recognition of Certificates of Conformity for Marine Equipment.¹⁵

As of January 1, 2021, EU Trade Agreements no longer apply to the UK. The UK has sought to replicate the effects of previous trade agreements to ensure continuity for UK business.¹⁶ In 2018, the Trump Administration notified Congress, under TPA, of its intent to enter comprehensive FTA negotiations with the UK. The U.S. and UK conducted five rounds of negotiations in 2020, with negotiations pending over outstanding issues.¹⁷ The most recent TPA, which was established under the Obama administration, expired on July 1, 2021.¹⁸

III. Effect of Proposed Changes:

SM 174 commends Congress for granting TPA to the executive branch. The memorial also encourages the executive branch to negotiate a comprehensive and mutually beneficial free trade agreement between the U.S. and UK, and encourages Congress to ratify such an agreement.

Copies of this memorial will be dispatched to the President of the United States, the President of the United States Senate, the Speaker of the United States House of Representatives, and each member of the Florida delegation to the United States Congress.

Legislative memorials are not subject to the Governor's veto power and are not presented to the Governor for review. Memorials have no force of law, as they are mechanisms for formally petitioning the federal government to act on a particular subject.

¹³ U.S. Chamber of Commerce, *U.S.-UK Trade and Investment Ties*, available at <https://www.uschamber.com/international/europe/us-uk-business-council/us-uk-trade-and-investment-ties> (last visited Oct. 15, 2021).

¹⁴ These existing agreements have covered trade with the UK by virtue of the UK's membership in the EU. See Office of the United States Trade Representative, *U.S.-UK Trade Agreement Negotiations*, available at <https://ustr.gov/countries-regions/europe-middle-east/europe/united-kingdom/us-uk-trade-agreement-negotiations> (last visited Oct. 15, 2021).

¹⁵ *Id.*

¹⁶ Gov.UK, *UK trade agreements with non-EU countries*, available at <https://www.gov.uk/guidance/uk-trade-agreements-with-non-eu-countries> (last visited Oct. 15, 2021).

¹⁷ Congressional Research Service, *Brexit and Outlook for US-UK Free Trade Agreement* (Jan. 14, 2021), available at <https://fas.org/sgp/crs/row/IF11123.pdf> (last visited Oct. 15, 2021).

¹⁸ *Id.*

IV. Constitutional Issues:

A. Municipality/County Mandates Restrictions:

None.

B. Public Records/Open Meetings Issues:

None.

C. Trust Funds Restrictions:

None.

D. State Tax or Fee Increases:

None.

E. Other Constitutional Issues:

None.

V. Fiscal Impact Statement:

A. Tax/Fee Issues:

None.

B. Private Sector Impact:

None.

C. Government Sector Impact:

None.

VI. Technical Deficiencies:

None.

VII. Related Issues:

The most recent TPA expired on July 1, 2021 and has not been extended. The Memorial should be redrafted to account for this.

VIII. Statutes Affected:

None.

IX. Additional Information:

- A. **Committee Substitute – Statement of Changes:**
(Summarizing differences between the Committee Substitute and the prior version of the bill.)

None.

- B. **Amendments:**

None.

This Senate Bill Analysis does not reflect the intent or official position of the bill's introducer or the Florida Senate.
