

Committee(s)	Dated:
Public Relations & Economic Development Sub-Committee	5 November 2019
Subject: Chair of Policy & Resources visit to Washington D.C.	Public
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Summary

The Policy Chair's visit to Washington DC focused on trade and regulatory convergence, and reinforced the appetite for progress on trade, balanced with a need to push forward in parallel on regulatory convergence.

Recommendation(s)

Members are asked to note the report.

Main Report

Background

1. The Policy Chair's visit to Washington D.C. took place on 8-9 October 2019 and was preceded by the joint visit of the Policy Chair and Lord Mayor to New York.
2. Trade was the principal topic of conversation for the Policy Chair's visit to Washington DC. Likely priorities will be China, USMCA (the United States-Mexico-Canada Agreement) and Japan. There is also interest, albeit to a lesser degree, in the restoration rather than reform of the WTO and the US-EU relationship.
3. USMCA's renegotiation and nascent UK-US discussions have engendered ambition to explore what more free trade agreements (FTA) can achieve. Yet, given the differing political contexts, applying learnings from USMCA's passage to a future UK-US deal would be premature. As on previous visits, our US counterparts were quick to highlight the length of time required to negotiate FTAs; the deep political sensitivities; and the importance of achieving clarity on the UK-EU relationship in the first instance.
4. Nonetheless, the US was ready to engage with the UK on potential future trade and commercial relationships, although the UK should not expect existing US objectives in this regard to shift. Moreover, conversations also recognised

opportunities to deliver marginal gains in services at a regulatory level outside an FTA framework.

5. There is, however, underlying recognition that the US and UK could set new precedents in trade. The US would be open to engagement on how to improve the USMCA text and, as always, a sense of industry priorities. Achieving increased business mobility for UK and US professionals is a recognised area for potential focus. Securing enhanced reciprocal visa access could potentially be achievable but is unlikely to form part of any FTA.
6. The US-UK Financial Regulatory Working Group continued to be warmly received. This is combined with a real desire to move the group from Brexit mitigation work to the future UK-US framework. Given the current openness of respective regimes, and the deep levels of integration that already exist in transatlantic FPS, interlocutors suggested the group provide a focus for aligning UK-US interests in the international arena alongside work on bilateral market access issues. In terms of the specific areas of focus, there is a need to think asymmetrically and consider engagement with relevant departments (e.g. the Department of Justice in relation to anti-money laundering or Know Your Customer). There may also be value in deepening understanding of other US regulatory dialogues.
7. Regarding potential future regulatory alignment between the US and the UK, ESG remains a controversial policy area in the US. Despite limited consensus on approach, there is shared understanding that shifting consumer demands make this a multi-billion-dollar market opportunity, and that a monolithic big-government approach to regulating activity should thus be avoided. To date, the US federal government has taken a hands-off approach, creating a framework allowing the sector to innovate while falling short of inherent incentivisation. This somewhat differs to the EU's taxonomy approach. There is an emerging sense that the UK and US could find common ground on governance models or disclosure requirements.
8. US officials look forward to the UK-US Financial Innovation Partnership sponsoring thinking on crypto assets. Government-to-business discussions will consider prudential issues, but there is hope that thinking on innovation could be carried into the Financial Regulatory Working Group.
9. Finally, the US will remain focused on market fragmentation issues and recognises that this will form a plank of the Saudi G20 agenda. The US has yet to firm up its G7 programme – though we noted the US signing up to inclusive growth commitments in Biarritz – and would welcome dialogue on the issues to advance across respective US and UK presidencies.

Conclusion

10. This was a fruitful series of meetings with very senior trade and regulatory officials. The City of London is regarded as enhancing an important agenda. Findings from this trip will contribute to ongoing HM Government workstreams on future UK priorities in trade and regulation.

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