



TRADE POLICY DEVELOPMENTS PAPER NO. 39

TRADE POLICY MONITORING REPORT

OF

UNITED STATES OF AMERICA

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List of Abbreviations

AD-Anti-dumping duty
AGOA-African Growth and Opportunity Act
APAC-Agricultural Policy Advisory Committee
ATAC-Agricultural Technical Advisory Committees for Trade
BIT-Bilateral Investment Treaty
CVD-Countervailing duty
FAA-Federal Aviation Administration
FATCA-Foreign Account Tax Compliance Act
FRS-Federal Reserve System
FTA-Free Trade Agreement
FTC-Federal Trade Commission
GATS-General Agreement on Trade in Services
GATT-General Agreement on Tariff and Trade
IP-Intellectual Property
JCCT-Joint Commission on Commerce and Trade
ITEC-The Interagency Trade Enforcement Center
Panama TPA-Panama Trade Promotion Agreement
PNTR-Permanent Normal Trade Relations
SPS-Sanitary and Phytosanitary agreement
TBT-Technical Barriers to Trade Agreement
TPP-Trans Pacific Partnership
US-United States
USDOC-US Department of Commerce
USDA-United States Department of Agriculture
USITC-United States International Trade Commission

USTDA-United States trade and development agency

USTR-United States Trade Representative

WTO-World Trade Organization

\$-Dollar

Executive Summary

- During December 2012, President Obama signed the H.R. 6156, the Russia and Moldova Jackson-Vanik Repeal and Sergei Magnitsky Rule of Law and Accountability Act of 2012, which authorizes the establishment of Permanent Normal Trade Relations (PNTR) with Russia and Moldova.
- During the WTO General Council meeting, the US raised concerns pertaining to Ukraine's decision to modify its bound commitments on more than 350 tariff lines affecting trade in key agricultural and industrial goods under GATT Article XXVIII.
- The US conducted several trade talks and negotiations for investment agreements with African countries including the EAC.
- The US-Panama trade agreement entered into force, on October 31, 2012 during the review quarter.
- The 15th round of TPP was successfully conducted and Canada and Mexico participated in the rounds for the first time, apart from the existing TPP members.
- Several aid for trade activities were conducted by the US for the benefit of countries including Iraq and Africa.
- The US initiated CVD investigations against India's export of frozen warm water shrimps.
- In the SPS report released by the US, it has raised several concerns against the dairy sector, pork import and other Indian regimes of plant and animal safety. The US perceives Indian regime to contain several unwarranted SPS obstacles.
- The US continued to promote exports through several export promotion schemes in the aerospace industry.
- The US released the Special 301 Out-of-Cycle Review of Notorious Markets which targets countries including China, Ukraine and Russia.
- During the review quarter, the US has been involved in WTO disputes against Argentina and China.

Part-I

I. ECONOMIC ENVIRONMENT

IA. Trade and Economic Development

Trade Estimates during the review quarter

With the release of the October 2012, U.S. International Trade in Goods and Services report by the Department of Commerce's U.S. Census Bureau and the Bureau of Economic Analysis, U.S. exports of goods and services decreased by 3.6 percent in October 2012 to \$180.5 billion since September 2012, while imports decreased 2.1 percent to \$222.8 billion over the same period. In October 2012, the monthly U.S. goods and services trade deficit increased by 4.9 percent to \$42.2 billion when compared to September 2012.

The report also mentioned that the U.S. goods and services exports year-to-date through the first ten months of 2012 were up 4.6 percent or \$79.8 billion from the same period of 2011 to reach \$1.83 trillion. Measuring growth under the National Export Initiative, year-to-date exports are up 4.6 percent. Through the first ten months of 2012, U.S. exports of services totaled \$525.2 billion, an increase of 3.8 percent from the \$505.7 billion of services exported in the same period of 2011. With U.S. services imports totaling only \$364.6 billion, the U.S. has a surplus of \$160.6 billion in services trade with the world through October 2012, up 6.8 percent from the same period of 2011. The leading growth categories for services exports have been travel (up \$9.6 billion), other private services (up \$6.8 billion), passenger fares (up \$2.6 billion), other transportation (up \$202 million), royalties and license fees (up \$148 million), and government services (up \$44 million).¹

It is also vital to note that on November 20, 2012, as announced by the U.S. Department of Commerce, international visitors spent an estimated \$13.9 billion on travel to, and tourism-related activities within, the United States during the month of September—\$512 million more (4 percent) than was spent in September 2011. These goods and services include food, lodging, recreation, gifts, entertainment, local transportation in the United States, and other items incidental to foreign travel. Additionally, U.S. carriers have received nearly \$29.3 billion from international visitors during the first nine months of 2012, the strongest year-to-date performance on record.

Exports of travel and tourism have shown the largest export dollar growth of any services sector with exports up \$8.9 billion through the third quarter of 2012 (compared to the same months of 2011). Among goods and services, travel and tourism was the third largest export growth

¹U.S. EXPORT FACT SHEET, October 2012 Export Statistics Released December 11, 2012, At: [Http://Www.Trade.Gov/Press/Press-Releases/2012/Export-Factsheet-December2012-121112.Pdf](http://Www.Trade.Gov/Press/Press-Releases/2012/Export-Factsheet-December2012-121112.Pdf)

category in terms of dollars through the first three quarters of 2012 behind capital goods and automotive vehicles and parts.

The results have been estimated to emanate from Government's Executive Order and new administrative initiatives announced to significantly increase travel and tourism in the United States. Government's effort includes- the National Travel and Tourism Strategy, which the U.S. Departments of Commerce and Interior presented to the president in May, as a blueprint to increase international travel to the United States in order to build on this growing sector of the economy. The strategy lays out concrete steps to be taken in five key areas, in addition to the goal of increasing international visitors to the United States. As part of those efforts, the Commerce Department is continuing to supply the travel and tourism industry with important data, including international arrivals to the United States, the forecast of international travel to America for more than 30 countries, and estimates of the total impact of travel and tourism on the economy, among other services.²

Further, according to the trade data released by Dept. of Commerce on February 8, 2013, the fourth quarter of the US economy witnessed an overall slight expansion. The highlights of the trade data includes:

Trade Balance (December, 2012)

Exports	\$ 186.37 billion
Imports	\$ 224.91 billion
Balance	(-) \$ 38.54 billion

Features of this trade balance

- The December data shows a narrowed trade deficit-i.e. the lowest reading in nearly three years.
- It is said that the decrease has been driven by a drop in oil imports and a surge in exports. Further, it is a good trend to note that even with December's decline in wholesale inventories, the economy most likely expanded 0.3 percent in the fourth quarter, due to the higher export numbers in the trade report.
- For all of 2012, the United States trade gap shrank by 3.5 percent, to \$540.4 billion.
- The December trade deficit in goods with China, not seasonally adjusted, narrowed by \$4.5 billion from the previous month on a drop in imports.
- Also in December, United States wholesale inventories unexpectedly fell as auto dealers and agricultural suppliers drew down their stocks.

²International Travel And Tourism Buoys Record September Exports Figure, November 20, 2012 At: [Http://Trade.Gov/Press/Press-Releases/2012/International-Travel-And-Sourism-Buoys-Record-September-Exports-Figure-112012.Asp](http://Trade.Gov/Press/Press-Releases/2012/International-Travel-And-Sourism-Buoys-Record-September-Exports-Figure-112012.Asp)

- The Commerce Department said stocks of unsold goods at wholesalers **dropped 0.1 percent** during the month and grew less than initially estimated in November

Increase in Exports

December, 2012	\$8.6 billion increase over the year
January, 2013	\$ 1 billion increase (mainly due to boom in oil and natural gas, petroleum)

Import situation

For the entire year (2012), the country's imports of crude oil fell to their lowest levels since 1997 in terms of volume.³

Trade Estimates during 2010-2011

A report titled, 'U.S. International Trade: Trends and Forecasts', released during the review quarter, gave an excellent insight into the financial condition prevailing in the US over 2010-2011. The report indicates that the financial crisis caused U.S. imports to drop faster than U.S. exports, but that trend has reversed as U.S. demand for imports recovers.

Exports of goods of \$1,497 billion in 2011 increased from 2010 by \$209 billion or 16%, while imports of goods of \$2,236 billion in 2011 increased by \$302 billion, also 16%, over 2010.

In 2011, the trade deficit in goods reached \$738 billion on a balance of payments (BoP) basis, still lower than the previous peak of \$836 billion in 2006, but greater than the deficits in 2009 and 2010 of \$506 billion and \$645 billion. The 2011 U.S. deficit on merchandise trade (Census basis) with China was \$295.4 billion, with the European Union (EU27) was \$99.9 billion, with Canada was \$34.5 billion, with Japan was \$63.2 billion, and with Mexico was \$64.5 billion. With the Asian Newly Industrialized Countries (Hong Kong, South Korea, Singapore, and Taiwan), the trade balance moved from a deficit of \$5.5 billion in 2007 to surpluses increasing from \$2.2 billion in 2008 to \$15.4 billion in 2011. Related to the goods trade balance is the balance on the current account, which includes merchandise and services trade plus investment income and unilateral transfers. The deficit on the current account grew in 2011 to \$466 billion from \$442 billion in 2010. This smaller increase in the current account deficit (\$24 billion), as compared to the increase in the goods trade deficit (\$93 billion), reflects an increase in the U.S. surplus in both services trade and investment income.

³Trade Deficit Narrows, Countering a Report of a Contraction, Reuters, February 8, 2012 at: http://www.nytimes.com/2013/02/09/business/us-trade-deficit-shrinks.html?nl=afternoonupdate&emc=edit_au_20130208&r=1&

The report further highlights the areas to watch in 2012 in international trade included the energy and transportation sectors. In energy, unconventional oil and gas production are increasing U.S. domestic supply, reducing imports, and increasing exports. In transportation, U.S. automakers appear to be exporting well to growth markets such as China.⁴The estimates of 2012 would only be available during the later quarters of 2013.

Part-II

II. TRADE AND INVESTMENT POLICY FRAMEWORK

IIA.Legislations and Policy Developments in the US

(i) On December 6, 2012, President Obama issued an Executive Order establishing an interagency task force on commercial advocacy that will provide businesses with one-stop shopping to help bolster U.S. exports. This task force will be led by the U.S. Department of Commerce's Advocacy Center, which coordinates U.S. Government resources in order to level the playing field on behalf of U.S. business interests as they compete against foreign firms for specific international public contracts. The Executive Order will coordinate the resources of 15 federal agencies to provide better access to advocacy, commercial diplomacy, financing, market intelligence, lead generation, and technical assistance to facilitate the success of U.S. exporters. Streamlining these services will make it easier for U.S. businesses to access these products and services, which will in turn help them be more competitive in the global marketplace and, ultimately, create more jobs. Since the inception of the president's National Export Initiative in March 2010, the Advocacy Center has supported 143 commercial advocacy wins, a total value of \$136.4 billion and supported over a half a million U.S. jobs.⁵

(ii) On December 14, 2012, U.S. Trade Representative Ron Kirk hailed the signing by President Obama of H.R. 6156, the Russia and Moldova Jackson-Vanik Repeal and Sergei Magnitsky Rule of Law and Accountability Act of 2012, which authorizes the establishment of Permanent Normal Trade Relations (PNTR) with Russia and Moldova. This step will allow the United States to apply the World Trade Organization agreement to Russia, offering new, job-supporting

⁴U.S. International Trade: Trends And Forecasts, Brock R. Williams, J. Michael Donnelly, October 19, 2012 At: [Http://Fpc.State.Gov/Documents/Organization/200060.Pdf](http://Fpc.State.Gov/Documents/Organization/200060.Pdf)

⁵President Obama Issues Executive Order To Streamline Commercial Advocacy Efforts And Bolster U.S. Exports, December 6, 2012 At: [Http://Www.Commerce.Gov/News/Press-Releases/2012/12/06/President-Obama-Issues-Executive-Order-Streamline-Commercial-Advocacy](http://Www.Commerce.Gov/News/Press-Releases/2012/12/06/President-Obama-Issues-Executive-Order-Streamline-Commercial-Advocacy)

trade opportunities for U.S. businesses and workers and allowing the United States to address trade disputes with Russia in the WTO system, if necessary.⁶

Following this, on December 21, 2012, the United States and Russia both filed letters with the World Trade Organization withdrawing their notices of non-application and agreeing to have the WTO agreement apply between them.

In the aftermath of the legislation, on December 20, 2012, the United States and Russia further agreed to an Intellectual Property Rights Action Plan to improve IPR protection and enforcement. The Plan advances both IPR protection and enforcement, endorsing a broad range of IPR priorities, including combating copyright piracy on the Internet, enhancing IPR enforcement, and coordinating on legislation and other issues.

It has been decided that in 2013, the United States will continue to work closely with Russia to enhance bilateral coordination with respect to IPR protection and enforcement, including through the United States-Russian Federation Intellectual Property Working Group.⁷

(iii) During November, 2012, the US President Barack Obama signed into law a bill that would give the US Transportation Secretary the authority to shield US airlines from the EU's Emissions Trading System (ETS), should the secretary find that it is in the public interest to do so. The news comes just weeks after the European Commission decided to temporarily suspend the aviation component of its ETS for non-EU flights landing in or departing from the 27-country bloc.

Under the new US law, the Transportation Secretary would be allowed to prohibit US airlines' compliance with the EU ETS, should it be deemed to be in the public interest. In determining this, the Secretary would need to account for economic, energy, and environmental security considerations; the impact of non-compliance on US consumers, carriers, and operators; and the effect on US foreign relations, including Washington's international commitments, among other factors.

Notably, the final version of the legislation helps push for a global deal by including a clause instructing the Transportation Secretary, the Federal Aviation Administration's Administrator, and other "appropriate officials" of the US government to use their clout to engage in international negotiations aimed at establishing a global mechanism to address aircraft emissions - including the environmental impacts.

⁶Statement From U.S. Trade Representative Ron Kirk On The Signing Of The Russia And Moldova Jackson-Vanik Repeal And Sergei Magnitsky Rule Of Law And Accountability Act, December 14, 2012, <http://www.ustr.gov/about-us/press-office/press-releases/2012/december/amb-kirk-statement-jvpntr>

⁷President Obama's Signature Paves Way For Permanent Normal Trade Relations With Russia And Moldova At: <http://www.ustr.gov/Russia>

Further, the new law was well received by Airlines for America, an industry lobby group, which estimates that compliance with the EU's aviation emissions rule could cost US carriers about US\$3.1 billion between now and 2020. Environmental groups, for their part, expressed disappointment with the bill's signing, but acknowledged the possible opportunity for pursuing a global deal.⁸

The US legislation moved forward despite the aviation emissions rule's recent suspension, with US lawmakers noting that the European law's alleged overreach still warranted the move.

(iv) On October 24, 2012, the U.S. Department of the Treasury announced that PrivateBancorp, Inc. (Chicago, Illinois) had repurchased in full its \$243.8 million in outstanding Troubled Asset Relief Program (TARP) Capital Purchase Program (CPP) preferred stock plus accrued dividends. It was announced that with this repayment, the overall positive return on TARP's bank programs now totals nearly \$22 billion. Treasury invested a total of \$245 billion through TARP's bank programs and has now recovered nearly \$267 billion to date through repayments, dividends, interest, and other income.

In addition to the \$243.8 million repayment received, PrivateBancorp also paid taxpayers \$45.5 million in dividends over the life of its TARP investment. Treasury continues to hold warrants to purchase common stock in PrivateBancorp, the disposition of which will provide an additional positive return to taxpayers.

The repayment is part of the strategy that Treasury outlined in May 2012 for winding down its remaining TARP bank investments in a way that protects taxpayer interests, promotes financial stability, and preserves the strength of our nation's community banks. Treasury indicated that it intends to use a combination of repayments, restructurings, and sales to manage and recover those remaining investments.⁹

IIB.Participation in the WTO

On December 11, 2012, the deputy U.S. Trade Representative Michael Punke issued a statement at the WTO General Council's meeting, urging Ukraine to abandon its proposed action under Article XXVIII.

⁸ ICTSD reporting; "Obama quietly signs bill shielding airlines from carbon fees in Europe," THE HILL, 27 November 2012; "Obama shields U.S. airlines from EU carbon fees," CHICAGO TRIBUNE, 27 November 2012; "Congress Sends Obama Bill Shielding Airlines From EU Rule," BLOOMBERG, 13 November 2012; "Obama signs bill shielding U.S. airlines from EU carbon fees," PLANETARK, 28 November 2012 available at: <http://ictsd.org/i/news/bridgesweekly/151336/>

⁹PrivatebancorpRepays Its \$243.8 Million Of TARP Funds In Full, Overall Positive Return On TARP's Bank Programs Now Totals Nearly \$22 Billion, October 24, 2012, US Dept. Of Treasury At: [Http://www.treasury.gov/press-center/press-releases/Pages/Tg1746.aspx](http://www.treasury.gov/press-center/press-releases/Pages/Tg1746.aspx)

This statement follows a WTO meeting on October 3, 2012, where several members of WTO including the US raised serious concerns pertaining to Ukraine's decision to modify its bound commitments on more than 350 tariff lines affecting trade in key agricultural and industrial goods under GATT Article XXVIII. Members including the US are concerned with the legal implications of this measure and Ukraine's inability to maintain a general level of reciprocal and mutually advantageous concessions, not less favorable to trade required under Article XXVIII. Issues surrounding transparency around Ukraine's measure and its implications on commercial interest are also being raised.¹⁰

IIC. Bilateral and Multilateral Trade and Investment Negotiations/ Agreements/Talks

On October 11, 2012, Ambassador Kirk hosted the Advisory Committee for Trade Policy and Negotiations (ACTPN). The review touched on United States' continuing efforts to negotiate the Trans-Pacific Partnership (TPP), expand trade opportunities in Africa, and enhance trade enforcement with the help of the newly formed Interagency Trade Enforcement Center (ITEC). During the open discussion, members asked specific questions on a range of topics that included China, the TPP, a potential trade agreement with the European Union, and the recently implemented trade agreement with Colombia.¹¹

The other developments in trade negotiations and trade talks concluded during the review quarter included:

(i) US-Israel

On October 15, 2012, the Deputy United States Trade Representative Miriam Sapiro and Israeli Minister of Industry, Trade and Labour Shalom Simhon signed a Mutual Recognition Agreement for Conformity Assessment of Telecommunications Equipment. Israeli regulatory authorities would now accept tests that recognized U.S. laboratories perform to determine the conformity of telecommunications equipment with Israeli technical requirements, rather than requiring additional testing by Israeli laboratories. The Agreement also allows for the United States and Israel to agree in the future to accept equipment certifications from recognized conformity assessment bodies in the United States and Israel on a mutual basis.¹²

(ii) US-Brundi

¹⁰ Statement Of Deputy U.S. Trade Representative Michael Punke On Ukraine's Article XXVIII Notification At The World Trade Organization's General Council Meeting, December 11, 2012, USTR Press Release At: <http://www.ustr.gov/about-us/press-office/press-releases/2012/december/amb-punke-statement-wtorg-ukraine>. The Letter Sent By USTR To Ukraine's Minister Can Be Accessed At: <http://www.ustr.gov/sites/default/files/ARK-Khoroshkovskiy%20Article%20XXVIII%20signed.pdf>

¹¹ Ambassador Kirk Hosts Advisory Committee On Trade Policy And Negotiations (ACTPN), October 11, 2012 USTR Press Release

¹² New United States-Israel Telecommunications Agreement Eases Way For U.S. Exports, October 15, 2012, USTR Press Release

On October 15, 2012, the Deputy U.S. Trade Representative Demetrios Marantis began his three country East Africa visit in Burundi where he met with senior government officials and members of the private sector. The officials discussed the Burundian government's reform agenda and its policies to increase economic growth and reduce poverty, particularly through increased trade and investment. Ambassador Marantis commended the Burundian Government on its efforts to reform the local business environment, which has significantly improved Burundi's ranking in the World Bank's 'Doing Business' report. He encouraged them to continue such reforms. Ambassador Marantis also pressed them to develop a national strategy to take advantage of the export opportunities provided by the African Growth and Opportunity Act (AGOA). In addition, he discussed how the new U.S.-East African Community (EAC) Trade and Investment Partnership can benefit Burundi, the EAC, and the United States by promoting investment and reducing bottlenecks to trade.¹³

(iii) US-East African Community

During October 2012, the United States Government, represented by the United States Trade Representative, and the East African Community (EAC) issued the following statement outlining further progress under the U.S.-EAC Trade and Investment Partnership:

“Today, 19th October 2012, the East African Community and the United States have taken important steps to advance the U.S.-EAC Trade and Investment Partnership – a new initiative that supports the economic integration of the EAC and enhances the U.S.-EAC trade and investment relationship. This new Partnership is built on the recognition of the important role that trade and investment play in economic and social development including job creation, both in East Africa and the United States.”

The EAC and the United States also agreed that their respective technical teams will meet at the soonest possible date for further consultations toward negotiation of a proposed investment treaty and a trade facilitation agreement. The technical teams will further discuss and agree on the trade capacity building assistance, including identification and agreement of priority areas to support the Trade and Investment Partnership. The EAC acknowledged that the United States already provides substantial assistance to the EAC Partner States and the Secretariat, including an additional amount of up to \$10 million (ten million United States Dollars) that the United States will provide over the next five years to the EAC Secretariat to support regional economic integration.

As the next step, the EAC Ministers responsible for Trade and Investment, and the U.S. Trade Representative agreed to advance the U.S.-EAC Trade and Investment Partnership within their

¹³Ambassador Marantis Begins Three Country East Africa Visit In Burundi, October 15, 2012, USTR Press Release

respective administrations. They also agreed to hold their next Ministerial meeting on the margins of the 2013 AGOA Forum.¹⁴

(iv) US-Europe

During October 2012, the United States and the European Union convened a meeting of the Working Group on Investment, a dialogue of senior officials under the auspices of the Transatlantic Economic Council. The two sides discussed global investment policy and third country issues of common concern, and reaffirmed their shared commitment to maintaining and promoting investment policies that are open, transparent and non-discriminatory, including through the negotiation of high-standard international investment agreements. In line with these objectives, the United States and the European Union continue to promote their Shared Principles for International Investment, agreed upon earlier this year. In April 2012, the United States and EU announced a set of these shared principles for International Investment. The principles embody a number of shared core values, including a commitment to open and non-discriminatory investment policies, a level competitive playing field, strong protections for investors and their investments, neutral and binding international dispute settlement, strong rules on transparency and public participation, responsible business conduct, and narrowly-tailored reviews of national security considerations. The joint statement recognizes that governments can fully embrace these principles without compromising their ability to regulate in the public interest.¹⁵

(v) US-Panama

The U.S.-Panama Trade Promotion Agreement came into effect on October 31. The agreement aims to significantly increase the ability of American companies to export their products to one of Latin America's fastest-growing economies, while dramatically reducing the tariff rates across the range of U.S. industrial and agricultural goods. The U.S.-Panama Trade Promotion Agreement would eliminate the majority of tariffs that U.S. exporters face. The agreement guarantees expanded access for U.S. manufactured and agricultural products, as well as to Panama's \$22 billion services market, including in priority areas such as telecommunications, computer, distribution, express delivery, energy, environmental, and professional services.¹⁶

¹⁴The United States And East African Community Announce Progress Under Trade And Investment Partnership, October 19, 2012, USTR Press Release At: [Http://Www.Ustr.Gov/About-Us/Press-Office/Press-Releases/2012/October/Us-Eac-Announce-Progress](http://www.ustr.gov/about-us/press-office/press-releases/2012/october/us-eac-announce-progress)

¹⁵United States, European Union Advance Work To Promote Open, Transparent, And Non-Discriminatory Investment Policies, October 2012, USTR Press Release, At: [Http://Www.Ustr.Gov/About-Us/Press-Office/Press-Releases/2012/October/Us-Eu-Advance](http://www.ustr.gov/about-us/press-office/press-releases/2012/october/us-eu-advance)

¹⁶Statement From Acting U.S. Commerce Secretary Rebecca Blank On Implementation Of U.S.-Panama Trade Promotion Agreement, October 22, 2012 At: [Http://Www.Commerce.Gov/News/Press-Releases/2012/10/22/Statement-Acting-Us-Commerce-Secretary-Rebecca-Blank-Implementation-U](http://www.commerce.gov/news/press-releases/2012/10/22/statement-acting-us-commerce-secretary-rebecca-blank-implementation-u)

On October 22, 2012, the Agriculture Secretary Tom Vilsack made the following statement on the U.S. - Panama Trade Promotion Agreement:

“The U.S.-Panama Trade Promotion Agreement (Panama TPA) enters into force next week, eliminating tariffs and other barriers to U.S. goods and services, promoting economic growth, and enhancing trade between the United States and Panama. Last year, President Obama insisted that we get this agreement with Panama right-alongside pacts with South Korea and Colombia-forging a better deal for America's workers and businesses that led to strong bipartisan support in both houses of Congress. Altogether, these agreements will bring an additional \$2.2 billion in agricultural exports.

Panama is an important market for America's farmers and ranchers. In 2011, the United States exported more than \$504 million of agricultural products to Panama, one of the fastest growing economies in Latin America. Next week, nearly half of current U.S. farm exports to Panama will become duty free immediately and most of the remaining tariffs will be eliminated within 15 years.”¹⁷

(vi) US-Columbia

On November 19, 2012, Deputy U.S. Trade Representative Miriam Sapiro hosted the inaugural meeting of the U.S.-Colombia Free Trade Commission (FTC), the body responsible for supervising the implementation of the U.S.-Colombia Trade Promotion Agreement and resolving issues that arise. The FTC meeting comes six months after the May 15 entry into force of the Agreement. The two sides concluded that operation of the Agreement has gone smoothly and is already bringing benefits to both countries. According to U.S. Government statistics, U.S. exports to Colombia from May to September were over 20 percent higher than for the corresponding period last year.

At the FTC meeting the governments took decisions to launch consideration of tariff acceleration and to establish time frames for establishing the dispute settlement mechanism and updating the rules of origin. The parties also monitored fulfillment of commitments with a post-entry into force deadline and reviewed the work of the committees that recently met to date under the Agreement: Technical Barriers to Trade, Agriculture, and Sanitary and Phytosanitary Measures.

¹⁷Statement Of Agriculture Secretary Tom Vilsack On U.S. - Panama Trade Promotion Agreement, October 22, 2012 At: http://www.usda.gov/Wps/Portal/Usda/Usdahome?Contentid=2012/10/0332.Xml&Navid=NEWS_RELEASE&navtype=RT&Parentnav=LATEST_RELEASES&Edeployment_Action=Retrievecontent

The U.S. and Colombia also discussed the important engagement that is ongoing between the two governments to ensure that the Colombian Action Plan Related to Labor Rights continues to be fully implemented.¹⁸

(vii) Trans-Pacific Partnership

On December 12, 2012, Trans-Pacific Partnership negotiators reported the solid steps taken forward in closing the remaining gaps between them during the 15th round of negotiations. Their announcement of new progress followed recent discussions between President Obama and the Leaders of other TPP countries, during which the Leaders reaffirmed their mutual priority of concluding a state-of-the-art, comprehensive agreement as quickly as possible and of smoothly integrating the newest members, Canada and Mexico, into the negotiations.

Canada and Mexico, the United States' two largest export markets, participated in the TPP negotiations for the first time during the 15th round. Over the past several months, United States and the other eight TPP countries – Australia, Brunei Darussalam, Chile, Malaysia, New Zealand, Peru, Singapore, and Vietnam had worked with Canada and Mexico as they prepared to join, and both countries contributed to the progress achieved during this 10-day round. Their participation is said to add significantly to the economic importance of the agreement as well as to establishing TPP as the most promising pathway to promote regional economic integration and to support the creation and retention of U.S. jobs.

During the 10-day round, the 11 delegations concentrated on finding pragmatic and mutually-beneficial outcomes to remaining issues under consideration, while isolating the outstanding challenges to be addressed in the months ahead. They furthered their efforts to close the outstanding legal texts of the 29 chapters of the agreement covering all trade and investment-related issues between them, making progress across the agreement. With most chapters far along, the United States and its TPP partners agreed to work between now and the next round to address the handful of issues still open in them, in such areas as customs, telecommunications, technical barriers to trade, sanitary and phytosanitary issues, and other issues; and to intensify their efforts on the chapters where the volume of remaining work is more substantial.

Through the TPP, the United States is seeking to address new issues that respond to concerns raised by U.S. stakeholders and that will enhance U.S. competitiveness in the 21st century and

¹⁸U.S. And Colombia Conclude First Meeting Of The U.S.-Colombia Free Trade Commission, November 19, 2012
At: [Http://Www.Ustr.Gov/About-Us/Press-Office/Press-Releases/2012/November/Us-Colombia-Complete-First-Ftc-Meeting](http://www.ustr.gov/about-us/press-office/press-releases/2012/november/us-colombia-complete-first-ftc-meeting)

support the expansion of U.S. exports. The United States also is committed to advancing core U.S. values, such as transparency, labor rights and environmental protection.

Further steps forward were also made on goods, services and investment, and government procurement during this round. The leaders of the 11 TPP countries agreed to comprehensive access to each other's markets in all areas. TPP member delegations continued to advance their work to develop the tariff packages on industrial goods, agriculture, and textiles, as well as on rules of origin promoting the development of supply chains that include companies based in the United States and the other TPP countries. In addition, they discussed their respective market-opening commitments on services and investment, and government procurement.¹⁹

(viii) US-China

During December 18-19, the U.S. Trade Representative Ron Kirk and Acting U.S. Secretary of Commerce Rebecca Blank hosted the Chinese Vice Premier Wang Qishan for the 23rd session of the U.S.-China Joint Commission on Commerce and Trade (JCCT).

The discussion focused on delivering meaningful results on issues including enforcement of intellectual property rights, combating pressures to transfer technology, eliminating trade-distortive industrial policies, and removing key obstacles to US' exports. Specifically, the members addressed a range of market access issues affecting exports of U.S. meat and poultry products, as well as horticultural products.²⁰

(ix) US-Morocco

On December 7, 2012, the United States and the Kingdom of Morocco announced new agreements that will stimulate significant additional commercial activity between the two countries and within the broader Middle East/North Africa region. The announcements were made on the occasion of the third Joint Committee Meeting under the U.S.-Morocco Free Trade Agreement, which entered into force on January 1, 2006. Prior to the Joint Committee meeting, Ambassador Sapiro and Minister Amara initialed a trade facilitation agreement, which expands upon the commitments in our Free Trade Agreement to set a new standard for transparency and predictability in customs matters that will make it easier for companies, large and small, to bring products into both markets. The text includes new commitments reflecting innovations and practices developed since the FTA was signed in 2004, such as allowing the submission of

¹⁹TPP Chief Negotiators Pleased To Report Continued Progress, December 11, 2012 At: <http://www.ustr.gov/about-us/press-office/press-releases/2012/december/tpn-negotiators-report-progress>

²⁰USTR And Department Of Commerce Kick Off 23rd Session Of U.S.-China Joint Commission On Commerce And Trade, December 2012, USTR Press Release At: <http://www.ustr.gov/about-us/press-office/press-releases/2012/december/kirk-blank-convene-23rd-jcct>

information before goods arrive, and the electronic payment of duties, taxes, and fees to facilitate the prompt release of goods.

The United States and Morocco reached agreement on a set of Joint Principles for International Investment. Building on ongoing efforts to promote trade and investment, the Principles are a statement of the United States' and Morocco's continuing commitment to adopt and maintain a policy environment that enables and encourages international investment, in view of the many economic benefits that such investment produces. They include strong protection for foreign investment, including the right to compensation in the event of a direct or indirect expropriation, consistent with principles of customary international law. The United States and Morocco note that governments can implement these Principles in a manner fully consistent with the pursuit of other legitimate public policy objectives.

In addition, the two sides endorsed a set of Joint Principles for Information and Communication Technology (ICT) Services. The Principles address issues such as the free flow of information across borders; facilitating the cross-border supply of services; and foreign investment in ICT sectors. All three of these important initiatives are aimed at boosting bilateral and regional trade and investment. Like the FTA itself, the initiatives will facilitate greater business collaboration, and support job growth in both countries.²¹

(x) US-India

On December 7, 2012, Deputy U.S. Trade Representative Demetrios Marantis spent the third day of his trip to India in the southern city of Chennai. As such, Chennai provided a unique setting for Ambassador Marantis to address ways to use innovation and the ICT sector to facilitate U.S.-India trade with Indian government officials, U.S. and Indian business leaders, and civil society stakeholders. Ambassador Marantis met with the Honorable P. Thangamani, Industries Minister of the State of Tamil Nadu. The two officials identified fruitful areas of economic cooperation for both governments to pursue. Ambassador Marantis also met with U.S. and Tamil Nadu business leaders to solicit input on what actions the U.S. and India could take to remove obstacles to increased trade and investment.²²

(xi) US-Zambia

On November 26, 2012, the U.S. Under Secretary of Commerce for International Trade Francisco Sánchez arrived in Lusaka with a delegation of 14 U.S. companies to launch the first-ever U.S.

²¹United States And Morocco Reach Agreement On Trade Facilitation, Joint Investment Principles And Joint Information And Communication Technology (ICT) Principles, December 2012, USTR Press Release At: <http://www.ustr.gov/about-us/press-office/press-releases/2012/december/us-morocco-reach-agreement>

²²Ambassador Marantis Visits Chennai, India To Discuss Innovation And Bilateral Trade, USTR Press Office 2012 At: <http://www.ustr.gov/about-us/press-office/blog/2012/december/amb-marantis-chennai-students>

Department of Commerce-led trade mission to Zambia. The delegation met with public and private sector officials to discuss potential partnerships and projects that would support economic growth in both countries.²³

(xii) US-Russia

During November 14, 2012, the Assistant Secretary of Commerce for Market Access and Compliance concluded a four-day trade policy mission to Russia at SelectUSA, where he advocated for expanding Russia's foreign direct investment in the United States. Established in 2011 by Executive Order of the President, SelectUSA, which is housed in the Department of Commerce, is the first U.S. government-wide initiative to attract, retain, and promote business investment in the United States. During his remarks, he explained how U.S. Foreign and Commercial Service officers around the world including in Russia are trained in the resources that SelectUSA has to offer.²⁴

(xiii) US-Vietnam and Indonesia

On November 7, 2012, Under Secretary of Commerce for International Trade announced he would lead an infrastructure trade mission to Indonesia and Vietnam during November 11-16. He would be accompanied by representatives from eight U.S. firms that can provide high-quality infrastructure products and services on stops in Jakarta, Indonesia; and Hanoi and Ho Chi Minh City, Vietnam. At each stop, participating companies will meet with key government decision makers and prospective private sector partners. The meeting remains strategic as the U.S. merchandise exports to Indonesia through August 2012 totaled \$5.5 billion, showing an increase of nearly 10 percent from the same timeframe in 2011. U.S. goods exports to Vietnam also grew nearly 8 percent when compared to the same timeframe.²⁵

(xiv) US-Taiwan

On November 1, 2012, the U.S Under Secretary of Commerce for International Trade celebrated Taiwan's designation into the United States Visa Waiver Program (VWP). Throughout his visit to Taipei, he highlighted the mutual economic benefits that expanding travel, trade, and investment would bring to the two economies. The meeting remains strategic as Taiwan is the United States' 10th largest trading partner. In 2011, U.S. exports to Taiwan were approximately

²³Obama Trade Official Launches Historic Trade Mission In Zambia, November 26, 2012 At: [Http://Trade.Gov/Press/Press-Releases/2012/Obama-Trade-Official-Launches-Historic-Trade-Mission-In-Zambia-112612.Asp](http://Trade.Gov/Press/Press-Releases/2012/Obama-Trade-Official-Launches-Historic-Trade-Mission-In-Zambia-112612.Asp)

²⁴Commerce Official Seeks To Strengthen U.S.-Russia Trade And Investment Relations, November 14, 2012 At: [Http://Trade.Gov/Press/Press-Releases/2012/Commerce-Official-Seeks-To-Strengthen-Us-Russia-Trade-And-Investment-Relations-111412.Asp](http://Trade.Gov/Press/Press-Releases/2012/Commerce-Official-Seeks-To-Strengthen-Us-Russia-Trade-And-Investment-Relations-111412.Asp)

²⁵Obama Official To Lead Infrastructure Trade Mission To Indonesia And Vietnam, November 7, 2012 AT: [Http://Trade.Gov/Press/Press-Releases/2012/Obama-Official-To-Lead-Infrastructure-Trade-Mission-To-Indonesia-And-Vietnam-110712.Asp](http://Trade.Gov/Press/Press-Releases/2012/Obama-Official-To-Lead-Infrastructure-Trade-Mission-To-Indonesia-And-Vietnam-110712.Asp)

\$26 billion, with two-way trade exceeding \$67 billion. Taiwan is also a crucial part of high-tech global supply chains, and a major trading partner among the fast-growing economies of the Asia-Pacific region.²⁶

(xv) US-Israel

On November 1, 2012, Acting Deputy under Secretary of Commerce for International Trade concluded an oil and gas trade mission to Israel that promoted U.S. expertise and technology in a growing industry sector. She was joined by representatives from 14 U.S. companies and Texas A&M University. The delegation met with public and private sector leaders to learn about potential export opportunities.

The meeting remains strategic as Israel's oil and gas industry is growing rapidly. The recent discoveries of natural gas deposits offshore and significant reserves of oil in Israel will require billions of dollars in investments to fully explore. These fields may have the capacity to support Israel's domestic gas consumption with reserves left for exports, and related platform chemicals. Israeli officials have welcomed foreign companies to help explore these resources. U.S. firms have the technology and expertise to help develop this critically important energy resource for the region.²⁷

(xvi) US-Tanzania

During October 18, 2012, as part of his visit to East Africa, Deputy United States Trade Representative Demetrios Marantis traveled to Tanzania for a series of meetings and site visits with government officials and local stakeholders.

The Ambassador Marantis met with Tanzanian Vice President Mohammed Bilal to discuss the U.S.-East African Community (EAC) Trade and Investment Partnership and its mutual benefits for the two countries and the region. The meeting marked another important step to solidify the new partnership. On the same day, Ambassador Marantis took part in a luncheon with the Tanzanian American Chamber of Commerce Board and the African Women's Entrepreneurship Program (AWEP), where he sought views and suggestions from local Tanzanian business leaders on how to increase bilateral trade and investment. He concluded the day with a visit to Footloose Handicrafts, one of the biggest exporters of locally-made handicrafts to the United States under the African Growth and Opportunity Act (AGOA). The company organizes small-scale craft

²⁶Obama Trade Official Promotes Expanded Exports, Investment, And Travel And Tourism During Taiwan Visit, November 1, 2012 At: [Http://Trade.Gov/Press/Press-Releases/2012/Obama-Trade-Official-Promotes-Expanded-Exports-Investment-And-Travel-And-Tourism-During-Taiwan-Visit-110112.Asp](http://Trade.Gov/Press/Press-Releases/2012/Obama-Trade-Official-Promotes-Expanded-Exports-Investment-And-Travel-And-Tourism-During-Taiwan-Visit-110112.Asp)

²⁷Commerce Official, U.S. Delegation Conclude Oil And Gas Trade Mission To Israel, November 1, 2012 At: [Http://Trade.Gov/Press/Press-Releases/2012/Commerce-Official-Us-Delegation-Conclude-Oil-And-Gas-Trade-Mission-To-Israel-110112.Asp](http://Trade.Gov/Press/Press-Releases/2012/Commerce-Official-Us-Delegation-Conclude-Oil-And-Gas-Trade-Mission-To-Israel-110112.Asp)

producers into cooperatives and provides them with training, market information, and a variety of other services to improve the quality of their products. After the visit, Ambassador Marantis spoke to the local press about the potential for greater U.S.-Tanzanian trade and investment, including opportunities in the apparel sector resulting from Congress' recent extension of AGOA's Third Country Fabric Provision.²⁸

IID. Aid for Trade

(i) Australia

On December 28, 2012, the Export-Import Bank of the United States financed a \$1.8 billion direct loan to BG Energy Holdings Ltd. to support U.S. exports for natural gas liquefaction project in Queensland, Australia. This is the Bank's second LNG project in Australia, and it will support an estimated 9,200 American jobs. Earlier this year, Ex-Im Bank approved a \$2.95 billion direct loan to support the export of U.S. goods for the Australia Pacific LNG project and a \$281 million direct loan to Jabiru Satellite Ltd. in Southbank, Australia, for the purchase of satellite and ground equipment from Lockheed Martin Space Systems Co.²⁹

(ii) Uruguay and Mexico

On December 18, 2012, more than a \$150 million worth of American-made energy equipment head to Uruguay and Mexico because of transactions approved by the Export-Import Bank of the United States (Ex-Im Bank). The Bank approved a \$78.6 million direct loan to Abengoa (MCE: ABG.B), a company in Seville, Spain, that applies technology solutions for sustainable development in the energy and environment sectors. The Bank also approved a \$73.6 million direct loan to Palmatir S.A., a 50 MW wind farm in Cuchilla de Peralta, Uruguay, which is owned by Abengoa. Approximately 510 American jobs will be supported from these two transactions.³⁰

(iii) India

On December 4, 2012, continuing its efforts to support American jobs by boosting American exports, the board of the Export-Import Bank of the United States (Ex-Im Bank) has voted to extend a \$1.06 billion direct loan and to guarantee a \$1.06 billion JPMorgan Chase loan to

²⁸Ambassador Marantis Explores Ways To Grow U.S.-Africa Trade During Visit To Tanzania, October 18, 2012, USTR Press Release

²⁹Ex-Im Bank Provides \$1.8 Billion In Export Financing For Natural Gas Project In Australia, December 28, 2012 At: [Http://Www.Exim.Gov/Newsandevents/Releases/2012/Exim-Bank-Provides-1-Billion-In-Export-Financing-For-Natural-Gas-Project-In-Australia.Cfm](http://www.Exim.Gov/Newsandevents/Releases/2012/Exim-Bank-Provides-1-Billion-In-Export-Financing-For-Natural-Gas-Project-In-Australia.Cfm)

³⁰Ex-Im Bank Authorizes \$150 Million In Export Financing For Energy Projects In Latin America, December 18, 2012 At: [Http://Www.Exim.Gov/Newsandevents/Releases/2012/Ex-Im-Bank-Authorizes-150-Million-In-Export-Financing-For-Energy-Projects-In-Latin-America.Cfm](http://www.Exim.Gov/Newsandevents/Releases/2012/Ex-Im-Bank-Authorizes-150-Million-In-Export-Financing-For-Energy-Projects-In-Latin-America.Cfm)

Reliance Industries Ltd. (Reliance) of Mumbai, India, for the export of American goods and services destined for use in Reliance's expansion projects at Jamnagar in the Indian state of Gujarat. The transaction is the single largest Ex-Im Bank has ever authorized for Reliance, and it represents Reliance's first attempt at funding through the capital markets with an Ex-Im Bank guaranteed bond issuance. The credit will support approximately 12,300 U.S. jobs, according to bank estimates derived from Departments of Commerce and Labor data and methodology. Moreover, six percent of the financing is expected to support American small businesses.³¹

(iv) Honk-Kong

On November 19, 2012, the U.S., the board of the Export-Import Bank of the United States (Ex-Im Bank) authorized two transactions aggregating \$461 million to underwrite the export of American-made satellites to Hong Kong. The pair of transactions will support approximately 3,700 U.S. jobs, according to Bank estimates derived from Departments of Commerce and Labor data and methodology. Asia Broadcast Satellite (ABS) of Hong Kong will deploy the satellites to upgrade and expand its fleet, which offers coverage to 80 percent of the world's population and targets emerging markets in Africa, Asia, the Middle East, and Russia.³²

(v) Iraq

On November 8, 2012, the board of the Export-Import Bank of the United States (Ex-Im Bank) voted to guarantee a JPMorgan Chase loan totaling \$35 million to Devco International LLC (Devco) of Tulsa, Okla., for the design and construction of a sulfur purification plant in Mosul, Iraq. Ex-Im Bank's financing will support approximately 380 U.S. jobs, according to bank estimates derived from Departments of Commerce and Labor data and methodology.³³

(vi) Africa

On December 20, 2012, Agribusiness, energy and infrastructure, and financial services – the three sectors critical to Africa's development got a significant boost when the Board of Directors of the Overseas Private Investment Corporation approved \$150 million for a new company designed to support their growth. By supporting companies poised to become regional leaders in those sectors, the project will fill a financing gap in Africa that has prevented investors from

³¹ Ex-Im Approves \$2.1 Billion To Finance Export Of U.S. Petrochemical Goods And Services To India, December 4, 2012 At: [Http://Www.Exim.Gov/Newsandevents/Releases/2012/Exim-Approves-2-Billion-To-Finance-Export-Of-US-Petrochemical-Goods-And-Services-To-India.Cfm](http://www.Exim.Gov/Newsandevents/Releases/2012/Exim-Approves-2-Billion-To-Finance-Export-Of-US-Petrochemical-Goods-And-Services-To-India.Cfm)

³² Ex-Im Approves \$461 Million To Finance Export Of U.S. Satellites To Hong Kong, November 19, 2012 At: [Http://Www.Exim.Gov/Newsandevents/Releases/2012/Exim-Approves-461-Million-To-Finance-Export-Of-US-Satellites-To-Hong-Kong.Cfm](http://www.Exim.Gov/Newsandevents/Releases/2012/Exim-Approves-461-Million-To-Finance-Export-Of-US-Satellites-To-Hong-Kong.Cfm)

³³ Ex-Im Approves \$35 Million Loan Guarantee To Finance Export Of U.S. Products And Expertise To Iraq, November 8, 2012 At: [Http://Www.Exim.Gov/Newsandevents/Releases/2012/Ex-Im-Approves-35-Million-Loan-Guarantee-To-Finance-Export-Of-US-Products-And-Expertise-To-Iraq.Cfm](http://www.Exim.Gov/Newsandevents/Releases/2012/Ex-Im-Approves-35-Million-Loan-Guarantee-To-Finance-Export-Of-US-Products-And-Expertise-To-Iraq.Cfm)

taking advantage of sound opportunities. The company, Amethis Africa Finance Ltd. (AAF), will provide long-term financing for fast-growing businesses contemplating expansion in the financial services sector, with a focus on retail banks serving SMEs; infrastructure and energy; and the rapidly-growing agribusiness sector.³⁴

(vii) Russia

On December 18, 2012, the Board of Directors of the Overseas Private Investment Corporation, the U.S. Government's development finance institution, approved up to \$40 million in financing for a private equity investment fund that will support small and medium-sized enterprises (SMEs) in Russia's outer provinces, where private equity has been largely unavailable.

Fast-growing SMEs with strong market positions will stimulate sustainable development predominantly in regions outside Moscow and St. Petersburg, where most economic power is concentrated. Those businesses will benefit from the support of the fund's capital, state-of-the-art management techniques, and adherence to rigorous environmental, social and governance standards.³⁵

(viii) China

On November 30, 2012, the U.S. Trade and Development Agency Director Leocadia I. Zak presided over the signing of a business agreement between U.S. firm Rolta International and Chinese firm Nanjing Sample Technology Group, Ltd. for a USTDA-funded pilot project. The signing took place at the 5th U.S.-China Transportation Forum in Hangzhou.

In September 2012, USTDA awarded a grant to Nanjing Sample Technology Group to fund a pilot project and feasibility study that will evaluate an integrated geospatial transportation system for the City of Nanjing. As host of the 2014 Youth Olympics and one of China's top metropolitan growth centers, Nanjing has made the deployment of the transportation system a top priority. This project further supports China's efforts to create smart cities by better integrating technologies and real-time data through advance geospatial solutions, while also opening business opportunities for U.S. companies looking to expand their sales into the Chinese market.³⁶

³⁴ OPIC Board Approves \$150 Million For Investment In African Priority Sectors, December 20, 2012 At: [Http://Www.Opic.Gov/Press-Releases/2012/Opic-Board-Approves-150-Million-Investment-African-Priority-Sectors](http://www.opic.gov/press-releases/2012/opic-board-approves-150-million-investment-african-priority-sectors)

³⁵ OPIC Board Approves \$40 Million For Investment Fund To Support Smes In Russia's Outer Provinces, December 18, 2012 At: [Http://Www.Opic.Gov/Press-Releases/2012/Opic-Board-Approves-40-Million-Investment-Fund-Support-Smes-Russias-Outer-Provin](http://www.opic.gov/press-releases/2012/opic-board-approves-40-million-investment-fund-support-smes-russias-outer-provin)

³⁶Ustda Grant Supports Smart Transportation Development In China, November 30, 2012 At: [Http://Www.Ustda.Gov/News/Pressreleases/2012/Eastasiaeurasia/China/Chinaintegratedtransportation_113012.Asp](http://www.ustda.gov/news/pressreleases/2012/eastasiaeurasia/china/chinaintegratedtransportation_113012.asp)

(ix) Ukraine

On October 9, 2012, the U.S. Trade and Development Agency awarded grant to DTEK LLC (DTEK), a privately-owned Ukrainian power generation company. The feasibility study grant to DTEK will assist its efforts to determine the technical, economic and financial feasibility of a plan to construct an advanced ultra-supercritical 800 megawatt (MW) power plant unit to replace four existing 200MW outdated units. DTEK owns majority stakes in companies that possess two thirds of the thermal power generation assets in Ukraine. DTEK will use the feasibility study to guide its investment in a new state-of-the-art unit, which would increase energy efficiency and reduce greenhouse gas and pollutant emissions. Implementation of the new facility will help DTEK provide lower-emission electricity more efficiently to the surrounding area and contribute to better air quality.³⁷

Part-III

III. TRADE POLICY AND PRACTICE BY MEASURE

IIIA. Trade Remedies

Anti-Dumping and Countervailing Duties

Final Determinations

Matter Involved	Countries concerned	Status of proceedings
Large residential washers	Korea and Mexico	On December 19, 2012, the Department of Commerce (Commerce) announced its affirmative final determinations in the antidumping duty (AD) and countervailing duty (CVD) investigations of imports of large residential washers from Korea (AD/CVD) and Mexico (AD). The ITC is scheduled to make its final determination on or before February 1, 2013
Utility scale wind towers	China, Vietnam	On December 18, 2012, the Department of Commerce (Commerce) announced its

³⁷Ustda Supports Efforts To Reduce Power Plant Emissions In Ukraine, October 9, 2012
At: http://www.ustda.gov/news/pressreleases/2012/Eastasiaeurasia/Ukraine/Ukrainepowerplantemissions_100912.Asp

		<p>affirmative final determinations in the antidumping duty (AD) and countervailing duty (CVD) investigations of imports of utility scale wind towers from China (AD/CVD) and Vietnam (AD).</p> <p>The ITC is scheduled to make its final injury determinations on or before January 31, 2013.</p>
<p>Steel wire garment hangers, fabricated from carbon steel wire, whether or not galvanized or painted, whether or not coated with latex or epoxy or similar gripping materials, and/or whether or not fashioned with paper covers or capes (with or without printing) and/or nonslip features such as saddles or tubes.</p>	Vietnam	<p>On December 18, 2012, the Department of Commerce (Commerce) announced its affirmative Final determinations in the antidumping duty (AD) and countervailing duty (CVD) investigations of imports of steel wire garment hangers from Vietnam.</p> <p>The ITC is scheduled to make its final determination on or before January 31, 2013.</p>
<p>Imports of circular welded carbon-quality steel pipe (circular welded pipe)</p>	UAE	<p>On October 16, 2012, the Department of Commerce (Commerce) announced its affirmative final determinations in the antidumping (AD) and countervailing duty (CVD) investigations of imports of circular welded carbon-quality steel pipe (circular welded pipe) from the United Arab Emirates (UAE).</p> <p>The ITC is scheduled to make its final determination on or before November 29, 2012.</p>
<p>Circular welded carbon-quality steel pipe (circular welded pipe)</p>	Oman	<p>On October 16, 2012, the Department of Commerce (Commerce) announced its affirmative final determinations in the antidumping (AD) and countervailing duty (CVD) investigations of imports of circular</p>

		<p>welded carbon-quality steel pipe (circular welded pipe) from the Sultanate of Oman (Oman).</p> <p>The ITC is scheduled to make its final determination on or before November 29, 2012.</p>
Imports of circular welded carbon-quality steel pipe (circular welded pipe)	Vietnam	<p>On October 16, 2012, the Department of Commerce (Commerce) announced its affirmative final determination in the antidumping (AD) investigation of imports of circular welded carbon-quality steel pipe (circular welded pipe) from the Socialist Republic of Vietnam (Vietnam). Commerce also announced its negative final determination in the countervailing duty (CVD) investigation of imports of certain steel pipe from Vietnam.</p> <p>The ITC is scheduled to make its final determination on or before November 29, 2012.</p>
Imports of circular welded carbon-quality steel pipe (circular welded pipe)	India	<p>On October 16, 2012, the Department of Commerce (Commerce) announced its affirmative final determinations in the antidumping (AD) and countervailing duty (CVD) investigations of imports of circular welded carbon-quality steel pipe (circular welded pipe) from India.</p> <p>The ITC is scheduled to make its final determination on or before November 29, 2012.</p>
Imports of steel wire garment hangers	Taiwan	<p>On October 10, 2012, the Department of Commerce (Commerce) announced its affirmative final determination in the antidumping (AD) duty investigation of imports of steel wire garment hangers Taiwan.</p> <p>The U.S. International Trade Commission</p>

		(ITC) is scheduled to make its final determination on or before November 23, 2012.
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Initiating Investigations

Matter Involved	Countries concerned	Status of proceedings
Silica bricks and shapes	People's Republic of China	On December 6, 2012, the Department of Commerce (Commerce) announced the initiation of an antidumping duty (AD) investigation of imports of silica bricks and shapes (silica bricks) from the People's Republic of China (China). The U.S. International Trade Commission (ITC) is scheduled to make its preliminary injury determination on or before December 31, 2012.
Imports of hardwood and decorative plywood	People's Republic of China	On October 18, 2012, the Department of Commerce (Commerce) announced the initiation of antidumping duty (AD) and countervailing duty (CVD) investigations of imports of hardwood and decorative plywood from the People's Republic of China (China). The U.S. International Trade Commission (ITC) is scheduled to make its preliminary injury determination on or before November 13, 2012.

Sun-set reviews

Investigation details	Matter Involved	Countries concerned	Status of proceedings
Inv. Nos. 701-TA-365-366 and 731-TA-734-735 (Third Review)).	Pasta	Italy and Turkey	On December 10, 2012, the U.S. International Trade Commission (USITC or Commission) has voted to conduct full five-year (sunset) reviews concerning the countervailing and antidumping duty orders on certain pasta from Italy and Turkey. As a result of these votes, the Commission will conduct full reviews to determine whether revocation of these orders would be likely to lead to continuation or

			recurrence of material injury within a reasonably foreseeable time.
(Inv. No. 731-TA-921 (Second Review),	Folding Gift Boxes	China	<p>On November 27, 2012, the U.S. International Trade Commission (USITC) determined that revoking the existing antidumping duty order on folding gift boxes from China would be likely to lead to continuation or recurrence of material injury within a reasonably foreseeable time.</p> <p>All six Commissioners voted in the affirmative.</p>
(Inv. No. 731-TA-893 (Second Review),	Honey	China	<p>On November 19, 2012, U.S. International Trade Commission (USITC) determined that revoking the existing antidumping duty order on honey from China would be likely to lead to continuation or recurrence of material injury within a reasonably foreseeable time.</p> <p>As a result of the Commission's affirmative determination, the existing order on imports of this product from China will remain in place.</p> <p>All six Commissioners voted in the affirmative.</p>
(Inv. Nos. 731-TA-1105-1106 (Review)	Lemon juice	Argentina and Mexico	<p>On November 5, 2012, the U.S. International Trade Commission (USITC or Commission) has voted to conduct full five- year ("sunset") reviews concerning the suspended investigations on lemon juice from Argentina and Mexico.</p> <p>As a result of these votes, the Commission will conduct full reviews to determine whether termination of the suspended investigations would be likely to lead to continuation or recurrence of material injury within a reasonably foreseeable time.</p>
Inv. Nos. 731-TA-671-673 (Third Review)	Silicomanganese	China and Ukraine	<p>On October 11, 2012, the U.S. International Trade Commission (USITC) determined that revoking the existing antidumping duty orders on silicomanganese from China and Ukraine would be likely to lead to continuation or recurrence of material injury within a reasonably foreseeable time and that revoking the existing antidumping duty order on silicomanganese from Brazil would not be likely to lead to continuation or</p>

			<p>recurrence of material injury within a reasonably foreseeable time.</p> <p>As a result of the Commission's affirmative determinations, the existing orders on imports of this product from China and Ukraine will remain in place and the existing order on imports of this product from Brazil will be terminated.</p>
<p>Inv. Nos. 731-TA- 873-875, 878-880, and 882 (Second Review)</p>	<p>steel concrete reinforcing bar</p>	<p>Belarus, China, Indonesia, Latvia, Moldova, Poland, and Ukraine</p>	<p>On October 9, 2012, The U.S. International Trade Commission (USITC or Commission) has voted to conduct full five-year (sunset) reviews concerning the antidumping duty orders on steel concrete reinforcing bar from Belarus, China, Indonesia, Latvia, Moldova, Poland, and Ukraine.</p> <p>As a result of these votes, the Commission will conduct full reviews to determine whether revocation of these orders would be likely to lead to continuation or recurrence of material injury within a reasonably foreseeable time.</p>
<p>Inv. No.731- TA-893 (Second Review)</p>	<p>Honey</p>	<p>China</p>	<p>On October 5, 2012, The U.S. International Trade Commission (USITC or Commission) has voted to expedite its five-year (sunset) review concerning the antidumping duty order on honey from China.</p> <p>As a result of this vote, the Commission will conduct an expedited review to determine whether revocation of this order would be likely to lead to continuation or recurrence of material injury within a reasonably foreseeable time.</p>

Issues pertaining to India

- (i) An AD measure imposed by the US against India assumes relevance as it would come into effect from 2013. On August 4, 2004, the US anti-dumping duty on frozen shrimp imports from India was imposed. The average duty imposed on Indian companies was 10.17 per cent and in the first Administrative Review (AR) this was cut to 7.22 per cent. It was further reduced to 1.69 per cent in the second AR and to 0.79 per cent in the third. In the fifth AR, this was raised to 1.69 per cent. After the sixth Administrative Review (AR) conducted in March 2012, it has been further enhanced to 2.51 per cent, from 1.69 per cent. Announcing the results of the sixth

AR, the US Department of Commerce (DoC) reduced the duty for Falcon Marine Exports, the mandatory respondent for the review, to zero. The revised duty is applicable from February 2011 to January 2012. This decision of DoC will be effective from 2013, when the seventh administrative review completes.³⁸

- (ii) On December 29, 2012, the ‘Coalition of Gulf Shrimp Industries’ of the U.S. filed a petition before the International Trade Administration, the United States Department of Commerce (DoC) and the United States International Trade Commission (ITC), demanding the imposition of countervailing duties on certain frozen warm water shrimps from China, Ecuador, **India**, Indonesia, Malaysia, Thailand and Vietnam. The petition makes several allegations regarding the countervailable subsidies provided in India with regard to the manufacture, production and export of certain frozen warm water shrimp.

The petition alleges that the Government of India is aggressively promoting its shrimp industry through the provision of generous government subsidies. It calls for the initiation of an investigation into the countervailable subsidies provided to the Indian shrimp industry, and to impose duties through a countervailing duty order in an amount that would offset the benefit conferred by these subsidies. The petition also asks the US Department of Commerce to include subsidies to producers of raw shrimp in India, in its investigation.

The case will proceed on two separate tracks — one at the ITC and one at the DoC. Importantly, the ITC would begin the case immediately, as it must make its preliminary determination within 45 days (i.e. by February 11).³⁹

IIIB.Sanitary and Phyto-Sanitary Measures (SPS)

During March 2012, the USTR published its third annual Report on Sanitary and Phytosanitary Measures (SPS Report). This report was created to respond to the concerns of U.S. farmers, ranchers, manufacturers, and workers who confront SPS trade barriers as they seek to export high-quality American food and agricultural products around the world.

The United States claims to have achieved some important successes since the publication of last year’s report in dismantling SPS barriers that blocked U.S. agricultural exports. For example, U.S. negotiators removed specific SPS barriers in Japan and Korea for U.S. cherries and citrus, as well as barriers in South Africa and Sri Lanka for apples and seed potatoes. The United States also worked with Kuwait and Taiwan to lift unwarranted restrictions on U.S. exports of poultry

³⁸US Raises Anti-Dumping Duty On Indian Shrimp Imports, The Business Standard, March 3, 2012, Available At: <http://www.business-standard.com/India/News/Us-Raises-Anti-Dumping-Duty-indian-Shrimp-Imports/466566/>

³⁹ CVD Petition Filed Against Seven Countries Including India, December 29, 2012, Seafood Exporters Association Of India, Available At: <http://seai.in/press/cvd-petition-filed-against-seven-countries-including-india/>

and poultry products, and the United States negotiated for full market access for U.S. beef to the United Arab Emirates.

During the 2012 SPS report, the status of India, as described is as follows:

Food Safety

Dairy Products

Since 2003, India has imposed unwarranted SPS requirements on dairy imports, which have essentially precluded U.S. access to India's dairy market, one of the largest in the world. For example, India requires the U.S. Government to certify that any U.S.-origin milk destined for India has been treated to ensure the destruction of paratuberculosis, which according to India, is linked to Crohn's Disease. Despite repeated requests from the United States, India has not provided scientific evidence to substantiate this assertion, and has declined to take into account evidence to the contrary submitted by the United States. The United States maintains that the presence of paratuberculosis in dairy products does not pose a human health risk, and India should not make elimination of this bacterium a condition for issuing a sanitary export certificate for U.S. dairy products.

Pork

The Indian import certificate for pork requires that importers make an attestation that the imported pork does not contain any residues of pesticides, veterinary drugs, mycotoxins, or other chemicals above the MRLs prescribed in international standards. However, these certificates fail to identify specific compounds and their corresponding international limits. India also limits pork imports to meat derived from animals that were never fed ruminant derived protein, requires vague animal health attestations, and demands extra inspections that do not appear to be consistent with international standards. India also prohibits imports of pork products obtained from animals raised outside the United States even if they were legally imported into the United States before slaughter. Further, certificates are valid for only six months, and a separate import permit must be obtained for each imported lot. The United States has requested India's authorities to perform a risk assessment to support its restrictions on pork imports and continues to press India to lift the restrictions.

Animal Health

Poultry and Swine

Since 2006, India has banned imports of U.S. poultry, swine, and related products purportedly because of LPAI outbreaks in the United States. The United States has repeatedly raised concerns in the WTO SPS Committee about India's import bans, and has discussed these concerns with Indian officials numerous times, including in a high-level dialogue under the

U.S.-India Trade Policy Forum. The United States and other trading partners have demanded that India lift its ban.

India also continues to require AI certification statements for dry processed pet food. This requirement does not appear to be consistent with OIE guidelines and has effectively stopped imports of the product.

While the United States continues to raise these concerns in bilateral and multilateral fora, the United States requested consultations with India regarding its import ban pursuant to the WTO dispute settlement procedures on March 6, 2012.

Plant Health

Wheat and Barley

India maintains zero-tolerance standards for certain plant quarantine pests, such as weed seeds and ergot, which block U.S. wheat and barley imports. Bilateral discussions to resolve these issues, including at the senior official level, have achieved little success to date. On June 28, 2011, U.S. and Indian officials discussed this issue, and India agreed to collaborate further by exchanging ergot strains and testing them on barley under controlled conditions.⁴⁰

IIIC. Technical Barriers to Trade (TBT)

On November 30, 2012, Virginia Brown, Director of USAID's Office of Trade and Regulatory Reform, announced a new U.S.-sponsored assistance facility called the “Standards Alliance” to help build capacity among developing countries to improve implementation of the Technical Barriers to Trade Agreement (TBT).

The new Standards Alliance will also help developing countries adopt globally recognized standards and norms for products, and will assist those countries in clarifying and streamlining their regulatory processes for products. This will reduce the costs and bureaucratic hurdles associated with exporting for U.S. producers, while enabling developing countries to improve the quality and safety of the products they export abroad.⁴¹

Part-IV

IV. MEASURES AFFECTING EXPORT/IMPORT

IVA. Measures affecting exports

⁴⁰ United States SPS Report, March 2012, Available At: [Http://Www.Ustr.Gov/Webfm_Send/3324](http://www.Ustr.Gov/Webfm_Send/3324)

⁴¹ U.S. Unveils New “Standards Alliance” At World Trade Organization, November 30, 2012 At: [Http://Www.Ustr.Gov/About-Us/Press-Office/Blog/2012/November/New-Standards-Alliance](http://www.Ustr.Gov/About-Us/Press-Office/Blog/2012/November/New-Standards-Alliance)

On August 22, 2012, the Under Secretary of Commerce for International Trade concluded his “Made in America” tour with remarks to an aerospace industry roundtable and visits to a pair of innovative manufacturing facilities outside Denver. Throughout his three-day tour that included stops in Las Vegas and Phoenix, as well as Denver, he promoted the benefits of strengthening American manufacturing and expanding U.S. exports to create jobs. Strengthening the aerospace industry exports has been identified as a priority under President Obama’s National Export Initiative (NEI). The aerospace industry contributed nearly \$50 billion in export sales to the U.S. economy in the first six months of 2012, and has the largest trade balance of any U.S. manufacturing industry thus far in 2012.⁴²

IVB.Measures affecting Imports

On October 17, 2012, the U.S. Trade Representative Ron Kirk delivered keynote remarks at the U.S. Chamber of Commerce and National District Export Council’s workshop on “Defeating Foreign Trade Barriers.” In his remarks, Ambassador Kirk explained how the efforts of the Office of the United States Trade Representative to remove trade barriers can assist small businesses by eliminating tariffs, improving intellectual property rights protection, and easing customs administration to get products to market more quickly. He touched on the Small Business Network of the Americas (SBNA), a promising new small business initiative rolled out by the Obama Administration in April 2012. The SBNA aims to expand the pool of available resources for small business development, enhance access to business counseling services for entrepreneurs, and foster small business growth by providing a framework to connect businesses across the Western Hemisphere. USTR and the other partner agencies will play an important role in this new initiative by connecting Small Business Development Centers (SBDCs) in the United States with their counterparts in foreign countries, who have leads on export and business opportunities.⁴³

Part-V

V. MEASURES AFFECTING PRODUCTION AND TRADE

VA. Intellectual Property Rights

On December 13, 2012, United States Trade Representative Ron Kirk announced the results of the Special 301 Out-of-Cycle Review of Notorious Markets. The review lists more than 30 Internet and physical markets that exemplify marketplaces that deal in infringing goods and services, facilitating and sustaining global piracy and counterfeiting. The results identify

⁴² Obama Trade Official Concludes 'Made In America' Tour Highlighting Strength Of American Manufacturing, August 22, 2012 At: [Http://Trade.Gov/Press/Press-Releases/2012/Obama-Trade-Official-Concludes-Made-In-America-Tour-Highlighting-Strength-Of-America-Manufacturing-082212.Asp](http://Trade.Gov/Press/Press-Releases/2012/Obama-Trade-Official-Concludes-Made-In-America-Tour-Highlighting-Strength-Of-America-Manufacturing-082212.Asp)

⁴³Ambassador Kirk Speaks At "Defeating Foreign Trade Barriers" Workshop Hosted By The U.S. Chamber Of Commerce And The National District Export Council, October 17, 2012, USTR Press Release

examples of marketplaces that have been the subject of enforcement actions connected with counterfeiting and piracy, or that may merit further investigation for possible intellectual property rights (IPR) infringements. The review also reflects the removal of eight previously listed markets due to law enforcement actions against those markets, or significant voluntary actions by market operators, aimed at addressing the problems identified.

“Piracy and counterfeiting, including online sales of pirated and counterfeit goods, is a problem that hurts the U.S. economy, harms some of this nation’s most creative and innovative entrepreneurs and companies and threatens jobs for significant numbers of middle-class American workers. We highlight the notorious markets that have a negative impact on legitimate businesses and industries of all sizes that rely on intellectual property to protect their goods and services,” said Ambassador Kirk. “I applaud the actions that some markets have taken to begin ridding their virtual and physical marketplaces of pirated and counterfeit goods, as well as enforcement actions taken by certain governments that have resulted in the shutdown of several other markets. It is through both voluntary and government actions that we will continue to improve the landscape for IPR owners and companies and their workers here at home that rely on IPR protection.”

The Notorious Markets Review identifies particularly infamous markets, and does not constitute an exhaustive list of all notorious markets around the world. Inclusion in the Notorious Markets List does not reflect a finding of a violation of law. Nor does it reflect the United States Government’s analysis of the general IPR protection and enforcement climate in the country concerned; such analysis is contained in the annual Special 301 Report issued at the end of April. However, the United States urges the responsible authorities to intensify efforts to combat piracy and counterfeiting in these and similar markets, and to use the information contained in the Notorious Markets Review to pursue legal actions where appropriate.

This year’s list also highlights positive developments since the issuance of the previous Notorious Markets Review in December 2011. For example, Chinese site Taobao, has worked with rights holders to significantly decrease the listing of infringing products for sale through its website, and has committed to continue working to streamline its complaint procedures to further reduce listings of counterfeit products. The US encourages other Chinese online marketplaces to take similar actions to ensure the timely removal of listings for sales of pirated and counterfeit goods on their sites. Similarly, Chinese website Sogou has been removed from the current list based on reports that it has also made notable efforts to work with rights holders to address the availability of infringing content on its site. In addition, the Philippine Government has taken significant enforcement actions at the Quiapo Shopping District, which has reduced the number of counterfeit and pirated goods available for sale in this marketplace.

Notwithstanding the progress made during the past year, the report indicates that there are several markets that continue to operate despite legal rulings or enforcement actions against

them. In particular, the vKontakte website continues to operate, via its social media site, a music service that courts in Russia have found to be infringing. And in Ukraine, the website Ex.ua, which offers unauthorized downloading and streaming of various content was shut down on January 31 by criminal law enforcement authorities, but was back online by February 2. Servers and evidence seized in the raid of Ex.ua's offices were reportedly returned and the criminal case was reportedly closed in June with no further action. The US has urged the Governments of Russia and Ukraine to follow through on ensuring that notorious markets are not allowed to continue infringing operations.⁴⁴

VB. Taxation

On November 8, 2012, the U.S. Department of the Treasury announced that it is engaged with more than 50 countries and jurisdictions around the world to improve international tax compliance and implement the information reporting and withholding tax provisions commonly known as the Foreign Account Tax Compliance Act (FATCA). Enacted by Congress in 2010, these provisions target noncompliance by U.S. taxpayers using foreign accounts. Treasury's engagement with this broad coalition of foreign governments to efficiently and effectively implement FATCA marks an important milestone in establishing a common intergovernmental approach to combating tax evasion.

This summer, Treasury published a model intergovernmental agreement for implementing FATCA and announced the development of a second model agreement. These models serve as the basis for concluding bilateral agreements with interested jurisdictions.

The Treasury Department has already concluded a bilateral agreement with the United Kingdom. Additional jurisdictions with which Treasury is in the process of finalizing an intergovernmental agreement and with which Treasury hopes to conclude negotiations by year end include: France, Germany, Italy, Spain, Japan, Switzerland, Canada, Denmark, Finland, Guernsey, Ireland, Isle of Man, Jersey, Mexico, the Netherlands, and Norway.

Jurisdictions with which Treasury is actively engaged in a dialogue towards concluding an intergovernmental agreement include: Argentina, Australia, Belgium, the Cayman Islands, Cyprus, Estonia, Hungary, Israel, Korea, Liechtenstein, Malaysia, Malta, New Zealand, the Slovak Republic, Singapore, and Sweden. Treasury expects to be able to conclude negotiations with several of these jurisdictions by year end.

The jurisdictions with which Treasury is working to explore options for intergovernmental engagement include: Bermuda, Brazil, the British Virgin Islands, Chile, the Czech Republic, Gibraltar, India, Lebanon, Luxembourg, Romania, Russia, Seychelles, Sint Maarten, Slovenia, and South Africa.

⁴⁴ USTR Announces Results Of Special 301 Review Of Notorious Markets, December 13, 2012 At: <http://Www.Ustr.Gov/About-Us/Press-Office/Press-Releases/2012/December/Ustr-Announces-Results-Special-301>

The Treasury Department will continue its outreach to interested jurisdictions that wish to consider an intergovernmental approach to implementing FATCA, including participation in a meeting hosted by the Qatar Central Bank in early December to provide information about FATCA and the intergovernmental agreements to invited senior government officials and financial institutions in the Gulf Cooperation Council.⁴⁵

Part-VI

VI. TRADE POLICY BY SECTOR

VIA. Agriculture

(i) On November 30, 2012, Ambassador Kirk and U.S. Department of Agriculture Secretary Tom Vilsack co-hosted the meeting of the Agricultural Policy Advisory Committee (APAC) and the Agricultural Technical Advisory Committees for Trade (ATAC).

In his remarks to committee-members, Ambassador Kirk touched on many current agricultural trade issues, including the importance of making Russia a part of the rules-based trading system by granting permanent normal trade relations. Ambassador Kirk discussed the implementation of the trade agreements with Colombia and Panama and the immediate benefits to the American agriculture community. Specifically, Ambassador Kirk noted a five percent increase in the value of U.S. agricultural exports to Colombia in the first few months following entry into force of the U.S.-Colombia trade agreement. Ambassador Kirk also updated committee members on the work of the Interagency Trade Enforcement Center (ITEC), which has significantly increased U.S. capacity to investigate and pursue potential trade agreement enforcement cases by leveraging existing resources more efficiently across the government. He closed by briefing the committee on the Trans-Pacific Partnership negotiations and on the progress of the U.S.-EU High Level Working Group (HLWG), which both have implications for agricultural trade.

Secretary Vilsack addressed the challenges of rural America and noted the barriers for agriculture trade throughout the world. He called for Congressional leaders to help revitalize rural America.⁴⁶

(ii) On October 19, 2012, Agriculture Secretary Tom Vilsack announced funding for 244 projects nationwide that focus on helping agricultural producers and rural small businesses reduce energy consumption and costs, and use renewable energy technologies in their operations. Funding is made available through USDA's Rural Energy for America Program (REAP).

⁴⁵U.S. Engaging With More Than 50 Jurisdictions To Curtail Offshore Tax Evasion, Nov 8, 2012, US Dept. Of Treasury At: <http://www.treasury.gov/press-center/press-releases/Pages/Tg1759.aspx>

⁴⁶USTR And USDA Co-Host The Agricultural Advisory Committees, November 30, 2012 At: <http://www.ustr.gov/about-us/press-office/blog/2012/november/ustr-usda-cohost-ag-committees>

For example, in Coos County, New Hampshire, Balsams View, LLC has been selected to receive a grant to replace an outdated heating system with a state of the art, high-efficiency, wood fired biomass boiler system. The new energy-efficient system is expected to use 77 percent less wood. In Augusta, Wisconsin, farmer Matthew Gabler has been selected to receive a grant to install a new 11 kilowatt wind turbine producing approximately 29,000 kilowatt-hours a year for his farm.

In Washington State, Edaleen Cow Power LLC, located near Lynden, Whatcom County, has been selected to receive a Rural Energy for America Program Loan and Grant Combination of \$2,638,000 to install an anaerobic digester and sell the resulting electricity to a utility. The project is anticipated to generate 4,635 Megawatt hours per year. Edaleen Dairy's 2,450-head herd will be the sole manure source for the project and the dairy will benefit by from the bedding byproduct the digester produces.

REAP offers financial assistance to farmers, ranchers and rural small businesses to purchase and install renewable energy systems and make energy-efficiency improvements. These federal funds leverage other funding sources for businesses. In all, USDA announced over \$16 million in energy investments on October 19, 2012.⁴⁷

(iii) On October 1, 2012, Agriculture Secretary Tom Vilsack made the following statement on the expiration of authority for 2008 Farm Bill Programs:

*“Many programs and policies of the U.S. Department of Agriculture were authorized under the Food, Conservation and Energy Act of 2008 (“2008 Farm Bill”) through September 30, 2012. These include a great number of critical programs impacting millions of Americans, including programs for farm commodity and price support, conservation, research, nutrition, food safety, and agricultural trade. As of today, USDA’s authority or funding to deliver many of these programs has expired, leaving USDA with far fewer tools to help strengthen American agriculture and grow a rural economy that supports 1 in 12 American jobs. Authority and funding for additional programs is set to expire in the coming months. Without action by the House of Representatives on a multi-year Food, Farm and Jobs bill, rural communities are today being asked to shoulder additional burdens and additional uncertainty in a tough time. As we continue to urge Congress to give USDA more tools to grow the rural economy, USDA will work hard to keep producers and farm families informed regarding those programs which are no longer available to them.”*⁴⁸

⁴⁷Agriculture Secretary Vilsack Announces Funding For Projects To Boost Renewable Energy Production, Reduce Energy Consumption, October 19, 2012, http://www.usda.gov/Wps/Portal/Usda/Usdahome?Contentid=2012/10/0328.Xml&Navid=NEWS_RELEASE&Navtype=RT&Parentnav=LATEST_RELEASES&Edeployment_Action=Retrievecontent

⁴⁸Statement Of Agriculture Secretary Tom Vilsack On Expiration Of Authority For 2008 Farm Bill Programs, October 1, 2012 At:

This statement comes in the aftermath of September 30, 2012, where the US Congress failed to pass the new farm bill. The crux of the disagreement between the two chambers of Congress remains the commodity-specific spending and the food stamp programme. The House bill contains provisions for minimum prices for key farm commodities over the five year period, while the Senate's crop insurance adjusts prices annually. In addition, the House proposes deeper cuts on nutritional spending. The Farm Bill has historically been a compromise between urban nutritional and rural farm interests. The failure to satisfy both constituencies, experts say, goes some way to explain the delay.

David Orden of Virginia Tech, whose work focuses on US domestic support, told Bridges that the impasse has to do with a broad US debate on entitlements, food assistance in this case. He added that the House Republican leadership could not "concede that element of entitlement reform" or the party might face "a floor fight."

Hoefner observed that if the "food stamp hit" could be lowered and subsidy reform broadened in the House bill, then perhaps a majority vote could be had in that chamber. If the "House took up the Senate farm bill, it would pass," he predicted.

Given the stakes and the complexity of the compromises, Hoefner said it would take a "congressional miracle" to pass a bill in the brief "lame duck" session. The alternatives include an extension for the just-expired legislation, with Congress picking up the issue in its new two-year session that starts in January.⁴⁹

[Http://Www.Usga.Gov/Wps/Portal/Usda/Usdahome?Contentid=2012/10/0314.Xml&Navid=NEWS_RELEASE&Navtype=RT&Parentnav=LATEST_RELEASES&Edeployment_Action=Retrievecontent](http://Www.Usga.Gov/Wps/Portal/Usda/Usdahome?Contentid=2012/10/0314.Xml&Navid=NEWS_RELEASE&Navtype=RT&Parentnav=LATEST_RELEASES&Edeployment_Action=Retrievecontent)

⁴⁹ US Congress Fails to Pass New Farm Bill Ahead of 30 September Deadline, Bridges Weekly Trade News Digest, Volume 16, Number 33, 3rd October 2012 at: <http://ictsd.org/i/news/bridgesweekly/146494/>

ANNEXURE

WTO DISPUTE SETTLEMENT

Request for establishment of panel

On December 6, 2012, United States Trade Representative Ron Kirk announced that the United States has requested the World Trade Organization (WTO) to establish a dispute settlement panel to examine Argentina's import restrictions on all U.S. goods imported into Argentina. These measures include the broad use of non-transparent and discretionary import licensing requirements that have the effect of unfairly restricting U.S. exports. Argentina further disadvantages U.S. exports by requiring importers to agree to undertake burdensome trade balancing commitments, such as agreeing to export a certain value of Argentine goods, in exchange for authorization to import U.S. goods. The European Union, Mexico, and Japan have also requested the establishment of panels to examine Argentina's import restrictions.

The United States requested WTO consultations with Argentina on August 21, 2012. The United States and Argentina held consultations on September 20-21, 2012, but the consultations did not resolve the dispute. The Interagency Trade Enforcement Center (ITEC), created by this Administration to enhance U.S. trade enforcement capabilities, provided significant investigative and analytical resources to support USTR's monitoring and enforcement unit in the development and initiation of this dispute.

Background- Since 2008, Argentina has greatly expanded the list of products subject to non-automatic import licensing requirements. Import licenses are required for approximately 600 eight-digit tariff lines in Argentina's goods schedule. In February 2012, Argentina adopted an additional licensing requirement that applies to all imports of goods into the country. The affected products include, but are not limited to, laptops, home appliances, air conditioners, tractors, machinery and tools, autos and auto parts, agricultural products, plastics, chemicals, tires, toys, footwear, textiles and apparel, luggage, bicycles and paper products.

In conjunction with these licensing requirements, Argentina has adopted informal trade balancing requirements and other schemes, whereby companies seeking to obtain authorization to import products must agree to export goods of an equal or greater value, make investments in Argentina, lower prices of imported goods, and/or refrain from repatriating profits.

Through these measures, Argentina appears to have acted inconsistently with its WTO obligations. In particular the measures appear to violate Article XI:1 of the General Agreement on Tariffs and Trade 1994 (GATT 1994), which generally prohibits restrictions on imports of goods, including those made effective through import licenses. The measures also appear to violate various provisions of the Agreement on Import Licensing Procedures, which contains

requirements related to the administrative procedures used to implement import licensing regimes.⁵⁰

Establishment of Panel

On October 23, 2012, United States Trade Representative Ron Kirk announced that, in response to a request from the United States, the World Trade Organization (WTO) established a dispute settlement panel to address China's imposition of antidumping duties (ADs) and countervailing duties (CVDs) on automobiles from the United States. The United States is challenging China's imposition of duties allegedly because U.S. automobiles were subsidized and sold at less than fair value (i.e., "dumped") into the Chinese market. The Chinese duties affect more than \$3 billion in exports of American-produced automobiles.

Background- Shortly after President Obama decided in September 2009 to impose a safeguard measure against Chinese tire imports, China's Ministry of Commerce announced that it would initiate antidumping and countervailing duty investigations of imports of American-made cars and sport utility vehicles (SUVs). China's Ministry of Commerce initiated those investigations two months later. In May 2011, China's Ministry of Commerce issued final determinations in which it found that imports of American-made automobiles had been sold at less than fair value (i.e., "dumped") into the Chinese market and had also benefited from subsidies. However, at that time, China suspended the imposition of duties.

Subsequently, in December 2011, China began imposing both ADs and CVDs on imports of American-produced automobiles. The ADs range from 2.0 percent to 8.9 percent, with an "all others" rate of 21.5 percent, and the CVDs range from 6.2 percent to 12.9 percent, with an "all others" rate of 12.9 percent. The specific products affected by the duties are American-produced cars and SUVs with an engine capacity of 2.5 liters or larger.

On July 5, 2012, after working closely with the U.S. Department of Commerce and the U.S. International Trade Commission to analyze China's determinations, the United States requested consultations with China regarding China's imposition of ADs and CVDs. The United States believes that China failed to objectively examine the evidence and made unsupported findings of injury to China's domestic industry. The United States also believes that China failed to disclose "essential facts" underlying its conclusions; failed to provide an adequate explanation of its conclusions; improperly used investigative procedures; and failed to require non-confidential summaries of Chinese company submissions. Consultations were held in Geneva on August, 23, 2012, but were unable to resolve the dispute.

⁵⁰United States Requests WTO Panel In Case Against Argentina's Widespread Use Of Import Restrictions, December 6, 2012 At: [Http://Www.Ustr.Gov/About-Us/Press-Office/Press-Releases/2012/December/Us-Requests-Wto-Panel-Argentina-Ir](http://Www.Ustr.Gov/About-Us/Press-Office/Press-Releases/2012/December/Us-Requests-Wto-Panel-Argentina-Ir)

WTO rules permit China to impose duties on imports of merchandise that are subsidized or dumped – provided those imports cause injury to the domestic industry. But these rules also require WTO Members to follow specific procedures and apply defined legal standards when conducting the investigations that determine whether duties are warranted. The U.S. panel request alleges that Chinese authorities failed to abide by applicable procedures and legal standards, including by finding injury to China's domestic industry without objectively examining the evidence, and by failing to adhere to various transparency and due process requirements.

It must be noted that this is the third time that the Administration has challenged China's misuse of trade remedies at the WTO. In the first dispute, commenced in September 2010, the United States challenged China's imposition of ADs and CVDs against U.S. exports of certain grain-oriented flat-rolled electrical steel products. The panel in that WTO dispute issued its report in July 2012, largely siding with the United States. China subsequently appealed, and the Appellate Body rejected China's appeal in its entirety in October 2012. In the other earlier dispute, commenced in September 2011, the United States is challenging China's imposition of ADs and CVDs against U.S. exports of chicken broiler products. Panel proceedings in that dispute are ongoing.⁵¹

Appellate Body Rulings

On October 18, 2012, the United States Trade Representative Ron Kirk announced that the World Trade Organization Appellate Body found in favor of the United States in a dispute challenging China's imposition of duties on U.S exports of grain oriented flat-rolled electrical steel (GOES). A WTO Panel agreed with the United States that China had acted inconsistently with its WTO obligations in imposing the duties. The Appellate Body, in turn, rejected all of China's claims on appeal.

Background- On June 9, 2009, China initiated separate antidumping (AD) and countervailing duty (CVD) investigations on GOES from the United States. On April 10, 2010, China issued final determinations of dumping, subsidization, and injury, along with a notice of imposition of antidumping and countervailing duties. MOFCOM's determination of injury applied equally to both the AD and CVD investigations.

On September 15, 2010, the United States requested dispute settlement consultations with China concerning its imposition of these duties on GOES from the United States. After consultations failed to resolve the matter, the WTO established the Panel in March 2011. In 2008, U.S. exports

⁵¹World Trade Organization Establishes Panel To Address U.S. Challenge To China's Duties On Autos, October 23, 2012, <http://www.Ustr.Gov/About-Us/Press-Office/Press-Releases/2012/October/Wto-Established-Panel-Address-Us-Challenge-Autos>

of GOES to China were valued at \$270 million. By 2011 those exports had fallen to less than \$3 million.

The United States alleged that China improperly initiated the CVD investigation of several U.S. laws. The United States also challenged the manner in which China conducted its investigation, alleging that China violated numerous procedural and due process obligations, impairing the ability of the United States and U.S. companies to defend their interests. The United States also alleged that China's finding of injury to its domestic industry was unsupported by the evidence on the record. A WTO Panel sided with the United States in a report circulated in June 2012.

During the review quarter, the Appellate Body rejected China's claims that the Panel misinterpreted the Subsidies and Countervailing Measures (SCM) Agreement and the Anti-Dumping (AD) Agreement. In particular, the Appellate Body upheld the Panel's findings of defects in China's determination that U.S. exports caused adverse price effects. The Appellate Body also upheld Panel findings that China failed to disclose essential facts, and failed to explain its determination.⁵²

⁵²United States Prevails In Steel Dispute WithChina, October 18, 2012, USTR Press Release At: [Http://Www.Ustr.Gov/About-Us/Press-Office/Press-Releases/2012/October/Us-Prevails-Steel-Dispute-China](http://www.ustr.gov/about-us/press-office/press-releases/2012/october/us-prevails-steel-dispute-china)