# 2016 Trade Policy Agenda

## and

# 2015 Annual Report

of the President of the United States
on the Trade Agreements Program

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Office of the United States Trade Representative

# FOREWORD

The 2016 Trade Policy Agenda and 2015 Annual Report of the President of the United States on the Trade Agreements Program are submitted to the Congress pursuant to Section 163 of the Trade Act of 1974, as amended (19 U.S.C. 2213). Chapter II and Annex II of this document meet the requirements of Sections 122 and 124 of the Uruguay Round Agreements Act with respect to the World Trade Organization. In addition, the report also includes an annex listing trade agreements entered into by the United States since 1984. Goods trade data are for full year 2015. Services data by country are only available through 2014.

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March 2016

**LIST OF FREQUENTLY USED ACRONYMS**

| | |
|---|---|
| AD | Antidumping |
| AGOA | African Growth and Opportunity Act |
| APEC | Asia Pacific Economic Cooperation |
| ASEAN | Association of Southeast Asian Nations |
| ATC | Agreement on Textiles and Clothing |
| ATPA | Andean Trade Preferences Act |
| ATPDEA | Andean Trade Promotion & Drug Eradication Act |
| BIA | Built-In Agenda |
| BIT | Bilateral Investment Treaty |
| BOP | Balance of Payments |
| CACM | Central American Common Market |
| CAFTA | Central American Free Trade Area |
| CARICOM | Caribbean Common Market |
| CBERA | Caribbean Basin Economic Recovery Act |
| CBI | Caribbean Basin Initiative |
| CFTA | Canada Free Trade Agreement |
| CITEL | Telecommunications division of the OAS |
| COMESA | Common Market for Eastern & Southern Africa |
| CTE | Committee on Trade and the Environment |
| CTG | Council for Trade in Goods |
| CVD | Countervailing Duty |
| DDA | Doha Development Agenda |
| DSB | Dispute Settlement Body |
| EAI | Enterprise for ASEAN Initiative |
| DSU | Dispute Settlement Understanding |
| EU | European Union |
| EFTA | European Free Trade Association |
| FTAA | Free Trade Area of the Americas |
| FOIA | Freedom of Information Act |
| GATT | General Agreement on Tariffs and Trade |
| GATS | General Agreements on Trade in Services |
| GDP | Gross Domestic Product |
| GEC | Global Electronic Commerce |
| GSP | Generalized System of Preferences |
| GPA | Government Procurement Agreement |
| IFI | International Financial Institution |
| IPR | Intellectual Property Rights |
| ITA | Information Technology Agreement |
| LDBDC | Least-Developed Beneficiary Developing Country |
| MAI | Multilateral Agreement on Investment |
| MEFTA | Middle East Free Trade Area |
| MERCOSUL/MERCOSUR | Southern Common Market |
| MFA | Multifiber Arrangement |
| MFN | Most Favored Nation |
| MOSS | Market-Oriented, Sector-Selective |
| MOU | Memorandum of Understanding |
| MRA | Mutual Recognition Agreement |

| | |
|---|---|
| NAFTA | North American Free Trade Agreement |
| NEC | National Economic Council |
| NIS | Newly Independent States |
| NSC | National Security Council |
| NTR | Normal Trade Relations |
| OAS | Organization of American States |
| OECD | Organization for Economic Cooperation and Development |
| OPIC | Overseas Private Investment Corporation |
| PNTR | Permanent Normal Trade Relations |
| ROU | Record of Understanding |
| SACU | Southern African Customs Union |
| SADC | Southern African Development Community |
| SME | Small and Medium Size Enterprise |
| SPS | Sanitary and Phytosanitary Measures |
| SRM | Specified Risk Material |
| TAA | Trade Adjustment Assistance |
| TABD | Trans-Atlantic Business Dialogue |
| TACD | Trans-Atlantic Consumer Dialogue |
| TAEVD | Trans-Atlantic Environment Dialogue |
| TALD | Trans-Atlantic Labor Dialogue |
| TBT | Technical Barriers to Trade |
| TEP | Transatlantic Economic Partnership |
| TIFA | Trade & Investment Framework Agreement |
| TPRG | Trade Policy Review Group |
| TPP | Trans-Pacific Partnership |
| TPSC | Trade Policy Staff Committee |
| TRIMS | Trade Related Investment Measures |
| TRIPS | Trade Related Intellectual Property Rights |
| T-TIP | Trans-Atlantic Trade and Investment Partnership |
| UAE | United Arab Emirates |
| UNCTAD | United Nations Conference on Trade & Development |
| UNDP | United Nations Development Program |
| URAA | Uruguay Round Agreements Act |
| USDA | U.S. Department of Agriculture |
| USITC | U.S. International Trade Commission |
| USTR | United States Trade Representative |
| VRA | Voluntary Restraint Agreement |
| WAEMU | West African Economic & Monetary Union |
| WB | World Bank |
| WTO | World Trade Organization |

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# I. THE PRESIDENT'S TRADE POLICY AGENDA

## INTRODUCTION

President Obama's trade agenda seeks to promote growth, support well-paying jobs in the United States, and strengthen the middle class. Trade policy done right serves the American people: workers and families, farmers and ranchers, innovators and entrepreneurs, and businesses of all sizes.

By removing foreign taxes on U.S. exports, raising global standards, and enforcing U.S. trade rights, we support additional high-paying U.S. jobs. At the same time, our leadership on trade promotes our interests and values overseas. Through U.S. trade policy, we bolster our partners and allies, lead efforts to write the rules of the road, and promote broad-based development. Trade done right is essential for our economy here at home and for America's position in the world.

At the heart of this agenda is the Trans-Pacific Partnership (TPP). TPP is a central part of the President's broader economic strategy. The first section of this report outlines the benefits of TPP, from the over 18,000 taxes on Made in America exports it cuts to the higher standards it sets to protect American innovation, workers, and the environment. The economic benefits are clear. According to a recent study, TPP is estimated to raise wages for American workers across the economy and make our economy larger by over $130 billion a year in 2030.

The second section of this report outlines other key priorities for the year ahead:

- Using trade policy to leverage all of America's strengths as the premier place for doing business and position the U.S. economy as the world's production platform of choice.

- Spurring sustainable, inclusive growth through our preference programs and efforts at the World Trade Organization.

- Strengthening trade and investment partnerships to unlock opportunity in the United States and around the world.

- Enforcing our trade agreements and holding our trading partners accountable for their obligations, including through strong tools in the bipartisan Trade Facilitation and Trade Enforcement Act of 2015.

With momentum on many fronts, from the Transatlantic Trade and Investment Partnership (T-TIP) to the Environmental Goods Agreement, we expect this to be a historic year for U.S. trade policy.

The report concludes with an overview of major trade accomplishments under President Obama's leadership. Over the past seven years, the Administration has fought hard to open the largest and fastest-growing markets to U.S. exports. We have reasserted American rights through a strengthened and more strategic trade enforcement system. Working closely with Congress, we have renewed preference programs and helped provide American workers with the tools they need to thrive. These efforts have helped restore the connection between hard work and honest reward, positioning more Americans to compete—and win—in tomorrow's global economy.

But we have more work to do – and the world isn't standing still.

Other countries are moving forward with trade agreements to secure access to some of the fastest-growing markets in the world. In recent years, hundreds of agreements have been signed in the Asia-Pacific alone. If these trends continue, American workers and businesses could be dealt out of tomorrow's markets as alternative trade and investment models take hold. Compared to the high standards advanced by TPP and T-TIP, these alternative approaches do not necessarily reflect our interests and our values.

It is not in the national interest to sit on the sidelines and let others define the rules of the road without us. We must lead a race to the top that sets new standards on everything from intellectual property, to labor, to State-owned enterprises.

Trade is one of America's longest-running, bipartisan success stories. This year, we have the opportunity to write the next chapter of that story. What we do together in the coming weeks and months will resonate for decades to come. We must do more than watch the future unfold. We must shape it.

**Michael Froman**
**U.S. Trade Representative**

# PART I: THE TRANS-PACIFIC PARTNERSHIP

The President's top trade priority for 2016 is congressional passage of the Trans-Pacific Partnership (TPP). TPP is a new, high-standard trade agreement that will level the playing field for American workers and American businesses. The result of more than five and a half years of negotiations, this agreement meets the high standards set by President Obama and the objectives Congress laid out in the Bipartisan Congressional Trade Priorities and Accountability Act of 2015.

The Trans-Pacific Partnership:

- Cuts over 18,000 foreign taxes on Made in America manufactured goods and farm products.
- Addresses nontariff barriers to trade more fully than any previous U.S. free trade agreement.
- Opens markets for services, a sector in which U.S. businesses and workers are the most competitive in the world.
- Helps to preserve a free and open Internet, including through groundbreaking provisions that promote the free flow of data and combat forced localization.
- Sets strong and balanced intellectual property (IP) rules to promote U.S.-based creativity, research, and innovation.
- Sets the highest ever, fully enforceable labor standards of any U.S. trade agreement.
- Preserves our environment with the strongest ever, fully enforceable environmental commitments of any U.S. trade agreement.
- Levels the playing field for U.S. workers by disciplining State-owned enterprises (SOEs).
- Supports small business exporters, including through a first ever chapter addressing issues specific to small and medium sized enterprises (SMEs).
- Promotes transparency and rule of law, and levels the playing field by fostering good governance and fair competition – including between SOEs and private businesses and their workers.

In these ways and others, TPP helps our farmers, ranchers, manufacturers, service suppliers, innovators, and small businesses to compete – and win – in some of the fastest growing markets in the world.

With more than 95 percent of the world's consumers living outside our borders, the TPP will significantly expand opportunities for Made in America goods and services exports, supporting more higher-paying jobs here at home. TPP will strengthen America's middle class, and advance both our interests and our values overseas.

## Supporting Jobs and Strengthening America's Middle Class

***"We will mobilize the world to work with us, and make sure other countries pull their own weight...That's how we forged a Trans-Pacific Partnership to open markets, and protect workers and the environment, and advance American leadership in Asia."***

**– President Barack Obama**

TPP is an indispensable part of what President Obama has called "middle class economics" —the idea that the country does best when everybody does their fair share and everybody has a fair shot. By opening the markets of the future for more Made in America goods and services, the United States can support high-wage jobs and economic strength at home. Recent history underscores the strong connection between trade, growth and jobs.

Exports of Made in America products have played a major role in our recovery from the Great Recession, as manufacturing, agriculture, and services all tapped foreign demand more successfully than ever before. The contribution of exports to the U.S. economy rose sharply as the economy rebalanced away from consumption and real estate, helping to realize President Obama's goal of growth driven fundamentally by investment, research, and production of goods and services. Exports now make up 12.6 percent of U.S. GDP, among the highest levels ever measured.

There is an inextricable link between exports and jobs. In 2014, U.S. exports supported an estimated 11.7 million American jobs, an increase of 1.8 million jobs since 2009. These are jobs with solid paychecks and prospects for the future. On average, export-related jobs pay up to 18 percent more than jobs not related to exports. They're also more secure, because exporting facilitates diversification and reduces risk. Studies also show that businesses that export usually grow faster and hire more, and are more resilient during economic downturns. With U.S. wages rising after decades of stagnation, increasing our exports is a common sense component of any long-term strategy for raising middle class paychecks.

Paycheck premiums from exports are apparent across all industries and business types, but they are highest in firms owned by women and minorities. On average, women-owned businesses that export employ roughly five times as many workers and their payroll per worker is $15,000 more annually. Compared to their non-exporting counterparts, African-American owned exporters employ roughly four times as many workers, at over $19,000 in additional payroll per worker. Considerable benefits from exporting are also evident among Asian-American and Latino-owned businesses.

**Trade: Putting More Money in Middle Class Pockets**

Removing barriers to trade at home benefits American families, and helps low-income Americans the most. Lower barriers promote competitiveness, as manufacturers, farmers, and other industries reduce input costs. Studies have found that from World War II to 2005, trade liberalization has added 9% to U.S. GDP by reducing costs and increasing choice – equivalent to nearly $13,000, on average, to each American household's annual income in 2015.

More recent trends are similar, with families steadily gaining purchasing power as the price of traded goods, such as smart phones, apparel, and toys, falls. While all households benefit, the gains from trade have predominantly benefited lower-income Americans, who spend a greater portion of their incomes on highly traded staples like food, shoes, and clothing. Remaining barriers also disproportionately harm America's poorest. For example, U.S. tariff rates on acrylic sweaters are eight times the tariff rate on cashmere sweaters. As a result, eliminating these barriers is like removing a regressive tax.

## Leveling the Playing Field

America is the wealthiest country in human history. But the rest of the world is becoming increasingly competitive. Many Americans feel the cards are stacked against them, especially where the global economy is concerned. Not all countries are playing by the same rules, and not everyone is getting a fair shot in the world's fastest growing markets.

The United States is already an open economy. Our average trade-weighted tariff currently stands at 1.5 percent, among the lowest in the world, and we have few non-tariff barriers. In contrast, American workers and businesses often must navigate a maze of foreign regulations in order to reach foreign customers, and face tariffs in some markets that can be many times higher than the U.S. average.

Some of the challenges are structural. U.S. small businesses, for example, are forced to navigate complex requirements in order to reach foreign customers. Unlike large companies, small businesses don't have the resources to deal with these barriers. Though more small businesses are exporting than ever before, more than 95 percent of them do not export goods at all. Of the U.S. small businesses that do export, less than half do so to more than one country.

Our workers are competing against workers in some countries that do not protect even the most basic labor rights—like the rights to freedom of association, collective bargaining, freedom from forced labor and child labor, and freedom from employment discrimination.

And our businesses are competing against companies that get subsidies or other preferences from their governments or that are not required to maintain strong environmental protections. The result is a competitive disadvantage for our workers and businesses here at home, and a fundamental threat to the environment we all share.

This is the world that we live in and that we must work to change.

Through TPP, we can level the playing field for American workers and businesses in one of the world's fastest growing regions. By taking action, we can position our middle class for even greater gains down the road. We know that when competition is fair, our businesses and workers can and will win. That's why TPP is designed to help all the drivers of the American economy: manufacturers, farmers, ranchers, service providers, innovators, and small businesses.

The TPP Agreement is comprehensive, with high-standard commitments in manufacturing, agriculture, services, IP, electronic commerce, labor, environment, and many other areas. The survey below summarizes its major elements. The full text of TPP, in-depth summaries, and issue guides are available for all to read at https:/ustr.gov/tpp.

## TPP Benefits for U.S. Manufacturing

American manufacturing is making a comeback. For the first time since the late 1990s, American manufacturing jobs are growing. We've added over 900,000 manufacturing jobs since manufacturing turned the corner in February 2010. The U.S. manufacturing industry has grown for the past 6 years, helping to expand manufacturing exports. Manufacturing is critical to the U.S. economy, accounting for 60 percent of all U.S. research and development (R&D) employees, the vast majority of patents issued, and the majority of all U.S. exports.

To support the American manufacturing sector, TPP:

**Opens Markets**

- Eliminates all foreign taxes in the form of import tariffs on U.S. manufactured goods exported to TPP countries, including rates as high as 70 percent on automobiles and 35 percent on information and communication technology products.

- Curbs other TPP countries from maintaining, expanding, or creating new trade barriers to American manufacturers as they eliminate tariffs.

**Promotes Fairness**

- Ensures that exporters have updated and complete information about regulatory and other requirements so that they cannot be used as trade barriers, which can hurt U.S. workers and businesses and provide foreign companies with unfair advantages.

- Establishes fair and transparent standards-setting procedures, which will help make sure U.S. goods are not "locked out" of foreign markets.

- Preserves full rights for U.S. industry to use antidumping, countervailing duty, and safeguard laws to address unfair pricing, subsidies, and import surges.

**Encourages Investment in the United States**

- Establishes common rules of origin across the region that will encourage U.S. companies to keep production and manufacturing jobs in the United States.

- Bars requirements for companies to set up production centers, transfer technology, or export in order to sell their goods in TPP markets.

**Spotlight: Promoting the U.S. Auto Industry**

When President Obama took office, the American auto industry was losing hundreds of thousands of jobs. Today—in no small part due to the Obama Administration's support—the U.S. auto industry is once again leading the world. Since mid-2009, the U.S. auto industry (including manufacturing and retail) has added over 650,000 jobs, the industry's strongest job growth on record. TPP will build on the strong performance of the U.S. auto industry by unlocking new opportunities for exports of Made in America cars, trucks, and parts.

TPP eliminates foreign taxes on exports of Made in America cars, trucks and auto parts. That includes eliminating Malaysia's 30 percent tariff on U.S. autos and 25 percent tariff on many auto parts, and Vietnam's 70 percent tariff on autos and 25 percent tariff on auto parts. TPP and the U.S.-Japan bilateral agreement also address the wide range of nontariff measures in Japan that have served as barriers to U.S.-made autos, trucks, and parts, including transparency in regulations, standards, certification, financial incentives, and distribution.

At the same time, we have negotiated terms in TPP that allow us to keep our auto tariffs on Japan in place until year 25. This is a dramatic break from past practice, which opened our auto market immediately.

TPP also includes long phase-outs of U.S. tariffs for key auto parts to ensure there is no disruption in incentives for long-term investment in the U.S. manufacturing base for green technologies necessary to meet fuel efficiency and environmental requirements in the coming years.

To ensure implementation, TPP includes strong and accelerated dispute settlement procedures with Japan on autos. TPP includes mechanisms to "snap back" car and truck tariffs into place, or delay U.S. tariff cuts on cars and trucks, if Japan does not comply. TPP also includes expedited procedures and a rapid consultation mechanism to head off any new nontariff measures that may emerge as well as a special safeguard mechanism for the U.S. automotive sector to address possible import surges.

Finally, TPP includes strong rules of origin for cars, trucks, and parts. These rules ensure that TPP benefits will go to the United States and the other TPP countries, and will expand the auto industry's potential export opportunities. These rules of origin are more accurate, more easily verifiable, and more enforceable than those of previous agreements, such as NAFTA.

## TPP Benefits for U.S. Agriculture

America is an agricultural powerhouse. Our agricultural sector creates positive ripple effects throughout the U.S. economy, with value added at every step between farm and table. In 2014, every dollar of agricultural exports stimulated another $1.27 in business activity elsewhere in the economy. The ripple effect of U.S. agricultural exports have been an important driver of America's economic comeback. In 2015, total U.S. agricultural exports totaled over $137 billion, up 35 percent from the figure posted in 2009. One analysis estimates that TPP will boost annual net farm income in the United States by $4.4 billion.

To support American agriculture, TPP:

- Eliminates foreign taxes in the form of tariffs on the vast majority of U.S. exports of food and agricultural products and provides new and commercially meaningful market access through significant tariff reductions or preferential tariff rate quotas for the remaining products.

- Ensures food safety, animal health, and plant health measures are developed and implemented transparently and in a science based manner based on risk, as we do in the United States.

- Addresses unfair use of geographical indications, which can undermine U.S. market access for dairy and other products.

- Requires the elimination of all agricultural export subsidies in TPP markets.

- Discourages countries from imposing export restrictions on food and agricultural products as a means of protecting their domestic market from changes in the world market.

## TPP Benefits for U.S. Service Providers

Services make up nearly two-thirds of the U.S. economy and support 8 out of every 10 American jobs. In 2014, the United States led the world with $711 billion in service exports – more than the 2nd and 3rd ranking countries combined. Those services exports supported an estimated 4.6 million jobs in 2014. These exporters include software, music and film, logistics, data analytics, architecture, design, legal, and other professions.

And as important as services trade opportunities are to the United States today, their future potential is even higher, as the Internet enables small businesses and non-traditional exporters like hospitals and universities to join traditional services exporters.

To unlock the potential of America's service economy, TPP:

- Opens markets so that U.S. businesses and workers can compete fairly, and ensure that regulations do not discriminate against U.S. services suppliers.

- Provides comprehensive rights and protections for services regardless of how services are supplied, whether over the Internet or through an investment.

- Ensures fair and transparent regulatory treatment for Americans seeking to provide services abroad, while ensuring that regulators have the ability to regulate in the public interest, including to ensure financial stability, preserve the environment, and protect public health.

- Bars requirements that Americans invest in a TPP country in order to provide services there.

- Includes specific provisions to address challenges faced by professional and express delivery services providers.

## TPP Benefits for Innovators and Creators

Strong and balanced IP standards are critical for driving innovation, fostering America's future economic growth, and protecting American jobs. An estimated 40 million American jobs are directly or indirectly dependent on innovation and creativity, including many in cutting edge industries that have great potential for future growth. TPP's rules will promote exports and protect U.S. creativity while encouraging the development of open, innovative, and technologically advanced economies in the Asia-Pacific region.

To drive Made in America innovation and creation, TPP:

- Reinforces a strong patentability standard, with appropriate limitations drawn from international commitments, to protect the jobs and solutions to global challenges generated by U.S. innovators in areas ranging from solar panels to smart manufacturing.

- Adopts strong copyright protections to respect the rights of creators and establish clear protection of works such as songs, movies, books, and computer software, and to facilitate the development of new models for distributing creative content that keeps pace with technology.

- Requires copyright term of at least life plus 70 years for works calculated based on the life of the author, and at least 70 years for other works such as sound recordings and movies.

- Clarifies and strengthens protection of the brand names and other signs or symbols businesses use to distinguish their goods in the marketplace. It also promotes efficient and transparent registration of trademarks through all TPP Parties.

- Sets enhanced due process and transparency disciplines on the use of geographic indications (GIs) to address the growing concerns of U.S. producers and traders, whose access to foreign markets can be severely undermined through overly expansive GI protections.

- Enhances customs cooperation to fight counterfeits that harm legitimate businesses and threaten public health.

- Requires availability of criminal penalties for the theft of trade secrets, including by cyber theft.

- Requires Parties to continuously seek to achieve an appropriate balance in copyright systems through, among other things, exceptions and limitations to copyright for legitimate purposes, such as criticism, comment, news reporting, teaching, scholarship, and research, and clarifies that exceptions and limitations are available for the digital environment.

- Establishes copyright safe harbors for Internet Service Providers (ISPs) to develop their business, while also helping to address Internet copyright infringement in an effective manner. TPP includes no obligations on these ISPs to monitor content on their networks or systems, and provides for safeguards against abuse of such safe harbor systems.

- Promotes access to medicines by facilitating the development of innovative, life-saving drugs and treatments, and the spread of generic medicines. TPP provides flexibilities for certain provisions on the level of development and capacity of individual trading partners. TPP also aligns with the Doha Declaration on TRIPS and Public Health and affirms the rights of countries to protect public health.

## TPP Benefits for U.S. Small Businesses

Small businesses are the backbone of the U.S. economy and major potential beneficiaries of increased export opportunities. Small businesses account for nearly two-thirds of net new private sector jobs in recent decades. Currently, around 300,000 small businesses across the 50 states export goods to foreign destinations, supporting millions of American jobs through direct exports and participation in supply chains.

Though more small businesses are exporting than ever before, more than 95 percent of them do not export goods at all. Of the U.S. small businesses that do export, less than half do so to more than one country. TPP is the first U.S. free trade agreement to dedicate a full chapter to helping small businesses.

To support America's small businesses, TPP:

- Eliminates foreign taxes on imported U.S. goods in the form of tariffs across the TPP region. These barriers can price many of the products made by U.S. small businesses out of foreign markets.

- Requires the establishment of dedicated national SME websites and other tools to ensure that small businesses have access to the information they need to help them enter TPP markets, and that allow them to get rapid government responses to their concerns and identify new opportunities.

- Encourages transparency and reduces costs by requiring publication of all customs forms and trade regulations online and in English whenever possible.

- Makes it cheaper, easier, and faster for businesses to get their products to market by ensuring rights to express shipment, and requiring efficient and transparent customs procedures that help move goods quickly through borders.

- Addresses non-tariff barriers, which make it hard for small businesses – which do not have the resources to deal with these issues – to access new markets.

- Promotes digital trade and e-commerce – the avenue by which many small businesses access the global marketplace – by prohibiting tariffs on digital products (software, music, video, e-books), ensuring the free flow of data, and ensuring rights to secure online payment.

- Strengthens protections of intellectual property rights (IPR). IPR are critical to small businesses, which are more vulnerable to infringement and IP theft.

- Provides greater certainty and new access to markets for U.S. small business service suppliers like architects, engineers, and web designers.

## Promoting Our Values

***"As the flagship of President Obama's values-driven trade agenda, TPP pursues a more ambitious goal: growth that is equitable, sustainable, and inclusive."***
**– Ambassador Michael Froman**

TPP advances both our interests and our values. It includes the highest labor standards and most comprehensive environmental commitments of any trade agreement. It learns from past trade agreements, making these standards fully enforceable and upgrading the tools we use to settle disputes. And it breaks new ground on 21st century issues where our values and interests intersect; for example, by including rules that ensure SOEs compete fairly and ensuring that the Internet remains open and free. As the highest-standard trade agreement in history, TPP sets a global precedent for doing trade right.

### TPP: Protecting Workers

Twenty-five years ago, the idea that labor standards should be part of trade agreements was at best an afterthought. President Obama has long said that as a basic test of trade policy, labor and environmental standards would be at the core of trade agreements and that those standards would be fully enforceable. Raising labor standards abroad helps workers in partner countries and levels the playing field for American workers. That's why TPP includes the strongest labor commitments of any trade agreement in history.

To raise labor standards throughout the Asia-Pacific, TPP:

- Requires labor laws to reflect the core labor standards including freedom of association and the right to collective bargaining, elimination of forced labor, abolition of child labor and a prohibition on child labor, and the elimination of employment discrimination.

- Requires countries to not only eliminate forced labor at home, but to discourage imports of goods produced by forced labor or containing inputs produced by forced labor – including when the source of these goods is in a country not party to TPP.

- Requires countries to maintain laws on acceptable conditions of work, including minimum wages, working hours, and workplace health and safety.

- Prohibits countries from waiving or derogating from laws implementing fundamental labor rights in a manner inconsistent with those rights, or failing to effectively enforce their labor laws.

- Includes additional commitments for export processing zones, which often have lax rules, to ensure that labor rights are protected in these zones.

- Upgrades NAFTA, putting fundamental labor rights at the core of the agreement, and making those rights fully enforceable through the same type of dispute settlement as other commitments, including the ability to impose trade sanctions.

- Requires Parties to establish a public submission process to allow labor unions, advocates, and other stakeholders to raise specific concerns related to any TPP Party's adherence to the commitments under the Labor chapter.

- Contains enforceable country-specific labor commitments to ensure that Vietnam, Malaysia and Brunei meet international labor standards.

Ensuring that these commitments are carried out will require vigilance. The Obama Administration has made enforcement a top priority. (See page 31 for a summary of enforcement actions to date.) We will work closely with our partners to ensure that they meet their commitments, including by providing technical assistance and capacity building. If they fail to live up to their TPP obligations, we will take action.

## TPP: Preserving the Environment

TPP includes the most comprehensive environment commitments of any trade agreement in history. It requires countries to play by certain fundamental environmental rules if they want to send their goods to the United States, and puts fully enforceable environment obligations at the core of the agreement.

The better, stronger tools in TPP will help us protect some of the most ecologically and economically significant regions of the world – from the deserts and plains of Australia, to the Mekong River Delta of Vietnam, to the Andes mountains of Peru. The Asia-Pacific region encompasses major consumer and export markets for protected wildlife and includes seven of the top 18 fishing nations, which together account for a quarter of global marine catch and seafood exports.

To raise environmental standards throughout the Asia-Pacific, TPP:

- Prohibits some of the most harmful fisheries subsidies, including those that negatively affect overfished fish stocks. This is the first such subsidy prohibition included in any free trade agreement, and the first subsidy reduction of any kind included in a trade agreement since the Uruguay Round of 1994.

- Promotes sustainable fisheries management, combats illegal fishing, including by requiring implementation of port state measures, and promotes the long-term conservation of iconic marine life such as whales, sea turtles, sharks, and seabirds.

- Protects natural areas, including wetlands, and strengthens government capacity to promote sustainable forest management.

- Requires effective enforcement of conservation laws and international commitments to protect endangered species and combat illegal wildlife trafficking—regardless of its source. As a regional agreement, TPP connects countries that are sources, consumers, and transit points for trafficked wildlife, fish and timber. This gives TPP unparalleled potential to combat this illicit trade, which not only threatens species populations, but is often linked to other criminal activity.

- Creates the opportunity to give multilateral environmental agreements, such as CITES, real enforcement through the potential for trade sanctions.

- Immediately abolishes all tariffs on "green" technologies, and eliminates barriers to trade in environmentally beneficial services.

These commitments address some of today's most important environmental challenges and level the playing field for American firms and workers.

## TPP: Keeping the Internet Free & Open

TPP will safeguard one of the most promising areas for future growth: the digital economy. Throughout the TPP negotiations, the Obama administration focused on the preservation of the single, open global Internet as a foundation of the 21st century global economy, a pillar of American economic leadership, and a benefit for businesses, consumers, and people throughout the world. TPP's E-Commerce and Telecommunications chapters set out the most comprehensive set of trade commitments ever made in these fields. Implementation of these commitments will support the flow of data, prohibit "forced localization" of data and servers, and require protection of consumers from spam, breaches of privacy, and other abuses. It will also encourage the modern, efficient, and low-cost telecommunications the Internet requires.

To keep the Internet free and open, TPP:

- Preserves the right of individuals, small businesses, and others to access and move data as they see fit, subject to safeguards, such as privacy protections.

- Bars "forced localization" of data and servers.

- Requires Parties to adopt and maintain consumer protection laws related to fraudulent and deceptive commercial activities online; ensure enforcement of privacy and other consumer protections; and enact measures to stop unsolicited commercial electronic messages.

- Reflects the strong copyright protections and enforcement that we have in U.S. law, and also TPP Parties' commitment to continuously seek to achieve an appropriate balance in their copyright systems the way that the United States does.

- Includes a framework of trade rules to help ensure the competitive supply of telecommunications services across the region, helping to promote affordable access to all and benefitting U.S. telecommunications operators in TPP markets.

- Promotes public participation and transparency in the development of laws and regulations affecting the Internet, including with opportunities for public comment.

The stakes are high. Inaction threatens to produce a different future, in which foreign governments greatly reduce the benefits and promise of the Internet to the United States and the world.

A future in which multiplying barriers to cross-border data flows and data localization requirements make costs prohibitively high for many small businesses, curtailing access to global services, and stifling innovation.

A future where countries force companies to hand over source code to State-owned competitors, favor one type of content over another, and rule with unpublished regulations.

A future where websites are blocked widely, keywords are filtered frequently, and search results disappear without explanation.

In all these areas, rising digital protectionism threatens not only the digital economy's future growth, but also its current benefits. By pushing back against these trends, TPP is one of our most promising tools for advancing the digital economy.

# Leading the World

***"Passing TPP is as important to me as another aircraft carrier. It would deepen our alliances and partnerships abroad and underscore our lasting commitment to the Asia-Pacific."***
**– Secretary of Defense Ash Carter**

For over 70 years, America's global leadership brought peace and prosperity to the United States. In recent years, however, developments like globalization, technological change, and the rise of emerging economies have combined to challenge the underpinnings of the post-World War II order. The overarching strategic aim of our trade policy is to help revitalize the rules-based order at a time when there are competing visions for the global economy.

## Writing Rules of the Road

Increasingly, the rules-based trading system is being challenged by alternative models that do not necessarily reflect American interests and values. TPP responds to that challenge with vigor. Other countries are negotiating a series of FTAs without strong labor standards, environmental protections, or support for a free and open Internet. By creating large tariff differentials, these agreements are likely to erode U.S. export prospects and investment attractiveness in industries like automotive, food production, and many others.

These arrangements allow SOEs to continue to benefit from generous subsidies and other advantages that undercut the competitiveness of other countries' workers and businesses, including our own. They allow countries to force companies to relocate their operations or to transfer their technology and IP in order to serve new markets. The world is not standing still. Other countries have a choice between TPP and a more statist, mercantilist approach. It is in our interest that the global trading system be open and rules-based, that it reflect our interests and our values, and that we lead, rather than sit on the sidelines.

## Promoting Broad-Based Development

Through high standards and provisions on good governance and anticorruption, TPP will encourage sustainable growth and development in the Asia-Pacific, helping to alleviate poverty and promote stability.

We've seen time and again how trade advances global development by promoting growth and alleviating poverty. For example, between 1991 and 2011, developing countries' share of world trade doubled. During roughly the same period, over 1 billion people escaped from deep poverty – the fastest and largest reduction of poverty in world history. Since the mid-1990's, foreign direct investment flows to developing countries has surpassed official aid flows. TPP parties Peru and Vietnam are key examples, with early trade engagement with the United States through the Andean Trade Preference Act in 1991 and the United States-Vietnam Bilateral Trade Agreement of 2000 promoting two-way trade, and helping the two countries achieve sharp reductions in poverty.

Trade contributes to development in a number of ways. Through trade, countries can import cutting edge technologies and manufacturing inputs at lower prices. This drives domestic firms to become more competitive, encourages efficient resource allocation and specialization, and allows them to export the products in which they are most competitive. For small countries with no trade, there is very little scope for large-scale capital investment and limited prospects for specialization.

Higher growth, more employment and higher incomes also create more resources with which to finance investments in domestic infrastructure and education, develop anti-poverty programs, and provide citizens with better access to public services. This virtuous cycle depends on a number of other factors such as

strong institutions, rule of law, investment in infrastructure, and education, but it breaks down when trade is not part of the equation.

Looking at this record, it is clear that while trade alone cannot solve every development challenge, it is a necessary part of any successful and sustainable development strategy. Trade fuels faster growth, facilitates investment, and reduces poverty in developing countries, which translates into more jobs and increased incomes for the poor. By creating a high-standard environment in which growth can occur, TPP will help bring broad-based prosperity and stability to the Asia-Pacific region.

## Strengthening Partners and Allies

TPP will strengthen our partnerships and alliances, positioning us to more effectively tackle the challenges of today and laying the foundation for pursuing broader mutual interests tomorrow. For many of our partners, the benefits of TPP go well beyond the economics of trade. They are rooted in the desire to strengthen political and strategic ties with the United States at a critical time for a region in flux.

**Shinzo Abe, Prime Minister of Japan**

"The U.S. and Japan must take the lead…to build a market that is fair, dynamic, sustainable, and is also free from the arbitrary intentions of any nation… Furthermore, the TPP goes far beyond just economic benefits. It is also about our security. Long-term, its strategic value is awesome."

**Lee Hsien Loong, Prime Minister of Singapore**

"The TPP is vital to the U.S.' international standing and engagement in the Asia-Pacific. The strategic landscape in Asia is changing very rapidly...so for the U.S. to engage in the region, and to expand its influence and relevance to Asian countries, trade policy has to be a key instrument."

**Malcolm Turnbull, Prime Minister of Australia**

"TPP is much more than a trade deal…America's case -- its proposition -- is more than simply security. It is standing up for, as you said, the rules-based international order, an order where might is not right, where the law must prevail, where there is real transparency, where people can invest with confidence. And the TPP is lifting those standards."

**John Key, Prime Minister of New Zealand**

"The Asia-Pacific region will be where the growth action will dominate in the next decade or two, and for the US this has to present a very exciting prospect…TPP is a gateway for increased US participation in Asia."

## The Choice

With TPP, we have a choice between two futures. The United States can lead on trade and use TPP to shape a better tomorrow. Or we can stand on the sidelines as the global economy leaves our workers and businesses behind.

| With TPP | Without TPP |
|---|---|
| More than 18,000 foreign taxes on U.S. exports are eliminated. | Foreign taxes on our exports remain in place, hurting our ability to compete globally. |
| More small businesses have opportunities to export thanks to reduced foreign barriers. | Foreign barriers remain prohibitively high, limiting small business exports. |
| A free and open Internet fosters innovation and encourages promising areas for export growth. | Data flow restrictions and localization requirements spread, raising costs and stifling innovation. |
| More Americans benefit from innovation and creativity. | Widespread piracy and counterfeiting continues, costing American jobs and harming consumers. |
| Wildlife and sensitive habitats are protected by strong, enforceable environmental commitments. | Action to address deforestation, overfishing, and species extinction is delayed or never happens. |
| Core labor standards are guaranteed, leveling the playing field for American workers and firms. | The playing field continues to be tilted against American workers and workers in other countries are denied basic rights |

# PART II: SHAPING TOMORROW'S GLOBAL ECONOMY

In recent years, a series of tectonic changes—globalization, technological change, and the rise of emerging economies—have reshaped the international landscape.

Globalization is the result of a number of developments. The cost of moving goods, relative to cargo values, has dropped significantly. Container fleets have grown, fiber-optic cables proliferated, and air cargo has become faster and more efficient.

The question isn't whether we can stop globalization, but whether we will use trade agreements to shape globalization in a way that reflects our interests and our values

Learning from the past and looking ahead, this section summarizes three priority areas for American leadership on trade. First, we are using trade policy to leverage all America's strengths as the premier place for doing business and position the U.S. economy as the world's production platform of choice. Second, through our preference programs and work at the World Trade Organization (WTO), we are spurring sustainable growth. By using every tool at our disposal, we're also holding our trading partners to account and fighting on behalf of workers to ensure that growth is inclusive. Third, we are strengthening trade and investment partnerships to unlock opportunity in the United States and around the world.

## Becoming the World's Production Platform of Choice

***"We're on the cusp of something big. We have, within our reach, the chance to restore America's position as a place that makes real things, and in doing so, unlock opportunity for all Americans."***

- **Ambassador Michael Froman,**

America's growth prospects depend on our positioning within the larger global economy. President Obama's trade agenda aims to place the United States firmly at the center of a web of trade agreements that will provide comprehensive access for our factory goods, our services, our products, and our creative and technological inventions to nearly two-thirds of the global economy.

This strategy is designed to complement all the strengths that already make America a great place to invest and do business. A survey found that a majority of business leaders would hire more U.S. workers if their company could sell more goods and services to foreign markets from the United States. If America leads on trade, we can become the world's production platform of choice: the premier location for investing, doing business and making things to serve both the U.S. market and the rest of the world.

**Spotlight: America Can Compete and Win**

President Obama's trade agenda is designed to help our businesses, farmers, and workers take advantage of a resurgence in American competitiveness. Trade done right builds on the sources of America's economic strength:

- We have the world's most attractive market, one that is governed by strong rule of law.

- U.S. worker productivity is unmatched. As President Obama has noted, American workers produce more than 30 percent more per worker than Germany, and three times as much as China. This strength has helped attract unprecedented domestic and foreign investment in manufacturing and agriculture, with manufacturers now looking back on six consecutive years of net job gains – the longest such streak on record since the 1960s.

- The United States is home to seven out of the top ten global brands. Customers around the world want to buy products labeled Made in America.

- We have abundant sources of affordable energy, further adding to America's attractiveness as the location of choice for manufacturing.

- U.S. investment in R&D is at the highest level ever, reaching $456 billion in 2013 and sustained at 2.7 percent of GDP since the financial crisis. This commitment, representing nearly 30 percent of all global R&D, helps keep the United States at the leading edge of next generation industries such as agricultural and medical biotechnology, 3-D printing, nanotechnology, Internet and IT development, aerospace, software and application development, and others.

- Patents granted to Americans in the United States have risen from 82,000 in 2009 to over 145,000 in 2014. Internationally, the United States receives 40 percent of all international IP revenues, again highlighting the central role of U.S. science, invention, and creative industry in global growth.

- 40 years after the first computer network connection in California, and 27 years after the world's first website went live in Massachusetts, the United States remains the center of the Internet, generating over 24 percent of all world Internet traffic by certain estimates.

## The Transatlantic Trade and Investment Partnership

The Transatlantic Trade and Investment Partnership (T-TIP), the comprehensive trade and investment agreement the United States is negotiating with the European Union, along with TPP and our other FTAs, will give the United States unfettered access to nearly two-thirds of the global economy.

The U.S.-EU trade and investment relationship is the largest in the world. We have nearly $1.1 trillion in annual trade with the EU, and the EU is the single largest buyer of American goods and services and by far the largest source of Foreign Direct Investment in the United States. Through T-TIP, we can strengthen that relationship by removing barriers to exports on both sides of the Atlantic. And we can strengthen America's attractiveness as the manufacturing site of choice, supporting hundreds of thousands of additional jobs in a vast range of industries.

T-TIP provides a historic opportunity to modernize the U.S.-EU trade relationship and strengthen the broader transatlantic partnership. We will do so in a way that maintains the high levels of protection for consumers, for health and safety, for the environment, and for workers that our citizens expect. T-TIP also offers significant opportunities to set high standards with respect to global issues of common concern.

It is the President's objective to conclude an ambitious, comprehensive and high-standard T-TIP agreement in 2016. We are pursuing ambitious market openings in goods, services, and investment, and are working to address areas such as regulatory and other nontariff barriers to U.S. exports, increase the participation of SMEs in the transatlantic economy, and address the challenges of trade in the modern digital economy, among other goals. The Administration will continue to seek input from Congress and stakeholders.

## Information Technology Agreement

The Expansion of the Information Technology Agreement (ITA), the first major tariff-eliminating deal at the WTO in 18 years, demonstrates the economic promise of plurilateral trade negotiations. According to the WTO, ITA expansion will eliminate tariffs on approximately $1.3 trillion in annual global exports of information and communications technology products – accounting for approximately 10 percent of global merchandise trade – of which roughly $180 billion are exported from the United States.

ITA expansion supports U.S. manufacturing and technology industries, opening key overseas markets for some of America's most competitive companies and workers. Next generation semiconductors, medical equipment, GPS devices, video game consoles, and computer software are among the high-tech products that will benefit from tariff-elimination under ITA Expansion. Industry estimates indicate that ITA Expansion will support up to 60,000 additional U.S. jobs, increase annual global GDP by an estimated $190 billion, and foster productivity and growth across the global economy, especially in the developing world.

## Trade in Services Agreement

The United States is a global leader in services exports, and services exports are vital to the U.S. economy. Services industries account for two-thirds of U.S. GDP, 8 out of 10 jobs in the United States, and about 30 percent of U.S. exports. The United States has run surpluses of more than $200 billion in services trade each of the last four years. And because every $1 billion in U.S. services exports supports an estimated 7,000 jobs, expanding services trade globally will unlock new opportunities for Americans and support additional jobs at home.

In order to strengthen our leadership position as a global supplier of services, the Administration is pursuing the Trade in Services Agreement (TiSA). TiSA will open foreign markets, create new opportunities for U.S.

exporters, and encourage the adoption of policies that promote fair and open competition in international markets for services. TiSA is taking on new issues that confront the global marketplace, for example restrictions on cross-border data flows and server localization requirements that can disrupt the supply of services over the Internet; forced transfers of technology, restrictions on the ability to make payments electronically, and certain unfair advantages that other governments provide to their State-owned enterprises. Twenty-three economies are participating in TiSA negotiations, representing 70 percent of the world's $55 trillion services market in 2014 – or approximately half of the global economy. In 2016, we will aim to reach an ambitious conclusion to these negotiations.

## Environmental Goods Agreement

The United States has engaged 16 of the world's major traders of environmental goods to negotiate the Environmental Goods Agreement (EGA) in the WTO. By eliminating tariffs on everything from wind turbines, to water treatment systems, to solar water heaters, the EGA will make green technology both more affordable and more accessible, allowing more American workers and business to make environmental goods here and sell them everywhere. In 2015, U.S. domestic exports of environmental goods reached $130 billion, and U.S. exports of environmental goods have been growing at an annual rate of four percent since 2010. Global trade in environmental goods is estimated at nearly $1 trillion annually, and some WTO Members charge tariffs as high as 35 percent on these goods, which only serve to increase the price of environmental protection.

## Intellectual Property Agenda

Looking over the horizon, we know that increases in productivity will have to drive much of our future growth.

Research suggests a number of channels through which trade has a positive impact on innovation and productivity. Those include boosting productivity by providing new ideas, tools, and materials, allowing for more efficient organization of global research and development, creating economies of scale, and increasing competition and incentives to innovate.

To maintain America's innovation and productivity edge, we're leveraging trade policy to foster an environment in overseas markets for U.S. innovators and creators to grow and succeed – including by seeking strong and balanced protection and enforcement of IPR.

IP is a critical driver of innovation and creativity in the United States. With over 40 million Americans employed in IP-intensive and related industries, it is a crucial source of American jobs. U.S. firms in IP-intensive industries, together with America's world-leading universities and government research labs, invest more than $400 billion a year in R&D, helping to sustain America's world leadership in industries, such as entertainment, software, Internet, IT manufacturing and design, aerospace, pharmaceuticals, and medical devices, all of which rely on patents, trademarks, copyright and other forms of IP. The revenue flowing into the United States from IP royalties and license payments from buyers abroad totals nearly $130 billion a year – fully 40 percent of all global IP payments.

To sustain and expand these vital economic benefits, the Obama Administration will continue to work in 2016 to seek greater market access for IP-intensive U.S. products and advance policies that protect and promote the spread of IP-intensive products and services. Our workers should reap the benefits of their labor.

We will use all appropriate trade policy tools – bilateral, plurilateral, and multilateral – to address key trade-related IP issues and resolve specific IP challenges in other markets that undermine the rights of Americans and the ability of our IP-intensive industries to compete on a level playing field. These initiatives include securing improvements in the protection and enforcement of copyrights, trademarks, patents, trade secrets, and other forms of intellectual property.

We will work to address both individual market problems and global threats, which also involve trademark counterfeiting and copyright piracy that both threaten American jobs and, in the case of counterfeits, often endanger the health and safety of global consumers. We will continue to push other countries to combat trade secret theft, including by means of cyber theft, to fight corporate espionage, including by SOEs. We will promote transparent, efficient, and fair IP systems and we will facilitate legitimate digital trade, including in creative content and the authentic goods with American brands for which there is tremendous global appetite. We will advance transparent and strong patent protections for cutting edge innovations. We will also continue to advance the interests of U.S. producers, including trademark holders and exporters that rely on the use of common product names, against over-broad protection of geographical indications in foreign markets. In the area of pharmaceuticals, we will promote the development of, and access to, innovative and generic pharmaceuticals. As with the rest of our trade agenda, the Administration will continue to seek input from Congress and stakeholders in our work on all of these important issues.

In 2016, we will continue moving these efforts forward as we work toward implementing TPP, concluding negotiations with the European Union on T-TIP, and continuing robust monitoring of how other countries are implementing their obligations under our existing trade agreements. The United States will also continue to use the "Special 301" process and resulting annual report to Congress to drive continued improvements to the IPR protection and enforcement systems of our trading partners and to address ongoing foreign market access challenges facing our IP-intensive industries. We will continue our work to promote innovation and creativity multilaterally, including at the WTO Council on Trade-Related Aspects of Intellectual Property Rights (TRIPS), where we have worked with like-minded trading partners to advance dialogues on critical contributions of IPR protection and enforcement at every stage of the innovative and creative lifecycles.

## Spurring Sustainable and Inclusive Growth

***"Eleven of our top 15 trading partners used to be the beneficiaries of U.S. foreign assistance. That's because our goal isn't to keep a nation dependent on us forever. It's precisely to create these markets, to open these opportunities, to establish rule of law. Our goal is to use assistance and development to help nations realize their own potential, develop their own ability to govern and become our economic partners."***

- **Secretary Of State John Kerry**

America's leadership on trade, including through important regional agreements like TPP and T-TIP, spurs global growth and catalyzes progress at the multilateral level. At the World Trade Organization (WTO), we are advancing a new form of pragmatic multilateralism that will tackle emerging issues important to developing and developed economies alike. And through our preference programs, we are providing opportunities for the world's poorest people while encouraging good governance and other reforms. Together, these efforts will help global trade drive development as strongly this century as it did during the last.

### Advancing a New Form of Pragmatic Multilateralism

The WTO remains the critical forum for strengthening the multilateral rules-based trading system, enforcing global trade rules, and serving as an important bulwark against protectionism. In 2016, the United States will build on recent multilateral trade negotiating successes and the fresh start made possible by the 2015 Nairobi Ministerial Conference by continuing to play a leading role in the multilateral trading system. This leadership role reflects our commitment to preserving, enhancing, and strengthening the WTO as an institution going forward.

In 2016, WTO members have an opportunity to undertake new approaches to longstanding issues and take up new issues without being constrained by the strictures of the Doha Round architecture. The United States will focus on defining a new path forward for the WTO in accordance with the outcomes in Nairobi and continuing to advance implementation of important recent agreements. This will include working closely with our WTO trading partners to promote Members' early ratification of the WTO Trade Facilitation Agreement (TFA) to secure entry into force of the TFA as soon as possible. We will also continue to support the Global Alliance for Trade Facilitation, the new partnership with the private sector launched by the United States and four other donors to help developing countries effectively implement trade facilitation reforms.

The United States will also continue to lead multilateral efforts to assist least developed countries (LDCs) to better integrate into the global trading system. Recognizing the importance of LDCs achieving their development objectives, in 2016 we will advance work at the WTO to monitor existing commitments so that LDC exporters are able to benefit from preferential trade provisions, grow their economies, and thereby increase two-way trade with the United States.

The United States will continue to support the expansion of the rules-based multilateral system by securing stable and predictable commitments and market access from new WTO Members through the WTO accession process. The United States has actively engaged in the accession negotiations resulting in nine new WTO Members since 2009 (Lao People's Democratic Republic, Kazakhstan, Montenegro, the Russian Federation, Samoa, Seychelles, Tajikistan, Vanuatu, and Yemen). Further, the United States completed accession negotiations with Afghanistan and Liberia in 2015, and expects both countries to become WTO Members in 2016 following ratification.

We will continue to promote and strengthen the WTO's existing core functions, including the day-to-day activities of the WTO committees and working groups and its dispute settlement mechanism. These institutional structures are critical to promoting transparency in WTO Member trade policies, as well as monitoring and resisting protectionist pressures during a challenging time for certain segments of the global economy.

By working together, WTO Members can continue to build upon successful efforts to revitalize the WTO and ensure that it remains equipped to drive future economic growth and development.

## Leveraging Preference Programs

Many regions of the developing world hold considerable potential for economic growth. In 2016, the Obama Administration will continue to use trade to lift people in these regions out of poverty and foster opportunity. These efforts also benefit workers and businesses in the United States, for example by creating supply chains that incorporate our developing country trading partners. By expanding our trade with the developing world, we also support jobs and economic growth here at home.

The Administration will also continue to administer our U.S. trade preference programs in a manner that contributes to economic development in beneficiary countries while also ensuring that key eligibility criteria are being met, such as progress on workers' rights and enforcement of IPR. Progress on these fronts helps to ensure an enabling environment for sustainable trade and investment.

The renewal of the Generalized System of Preferences (GSP) that President Obama signed into law last year strengthens our trade relationships with over 120 beneficiary developing countries, by eliminating tariffs for non-import sensitive products from countries ranging from Lebanon and Armenia to Tunisia, the Philippines, and many others. Likewise, the early and long renewal of the Haitian Hemispheric Opportunity through Partnership Engagement (HOPE) program, which supports nearly $900 million in garment imports from Haiti, is an essential support for Haiti's long-term economic growth and industrial development.

The 10-year renewal of the African Growth and Opportunity Act (AGOA) that President Obama signed into law last year is a major achievement and an opportunity for us to build a deeper and broader relationship with sub-Saharan Africa and the over 973 million people of its 49 countries. Enacted in 2000, AGOA has increased and diversified two-way U.S.-sub-Saharan African trade, helping to facilitate a more than doubling of non-oil exports from AGOA beneficiary countries to the United States. The United States also will continue working with our AGOA partners to ensure that the AGOA program works effectively to benefit both Africa and the United States and that our trade relationships evolve with developments in the region.

AGOA's long-term extension will provide time for long-term investment and development of supply chains, and thus offers sub-Saharan Africa more than any of this program's previous renewals. However, it is also clear that tariff preferences alone are not enough.

We need to focus on the range of factors that affect the competitiveness of exports from sub-Saharan Africa, including gaps in infrastructure and the need for technical assistance and capacity building. In addition a number of African partners have already begun establishing deeper, more mature and long term economic relationships with some of their key trading partners. We will therefore be working with Congress, stakeholders, and African partners to begin to identify ways to move our trade relationship forward, beyond AGOA, in line with Africa's evolving role and relationships in the global trading system.

## Enforcing the Rules and Defending U.S. Rights

***"I will go anywhere in the world to open new markets for American products. And I will not stand by when our competitors don't play by the rules. We've brought trade cases against China at nearly twice the rate as the last administration – and it's made a difference."***
**– President Barack Obama**

The Obama Administration has a record of trade enforcement victories that have helped to level the playing field for American workers, businesses, farmers, and ranchers. In 2016, we will continue to aggressively pursue a robust trade enforcement agenda, including by using new and stronger tools under the Trade Enforcement Act of 2015 to hold our trading partners accountable. Ongoing disputes include challenges to:

- The European Union's trade-distorting subsidies on large civil aircraft.
- China's taxes on smaller aircraft.
- China's far-reaching export subsidy program extending across dozens of sub-sectors, including textiles, industrial, and agricultural products.
- Indonesia's trade-restricting import licensing regimes for horticultural products, poultry, beef, and other products.

In addition, we are working to strengthen monitoring and enforcement of labor protections. We will continue to pursue our ongoing dispute regarding Guatemala's failure to effectively enforce its labor laws. We also will continue to engage with the governments of Peru, Mexico, Bangladesh, Guatemala, Honduras, and the Dominican Republic to advance workers' rights, as well as with the Colombian government to implement the Colombia Labor Rights Action Plan. When labor rights concerns are raised in public submissions under labor provisions of trade agreements, we will work to address those concerns as we are doing now with Peru and Mexico.

We are also continuing our robust monitoring of the implementation of environmental obligations under our existing trade agreements. For example, we will continue active monitoring of Peru's recent economic reforms and emphasize to the Peruvian government that the reforms must not weaken environmental protection. We will also continue to closely monitor Peru's forestry reforms and use a range of available tools to ensure that Peru implements the Annex on Forest Sector Governance and the January 2013 bilateral Action Plan, enhancing our engagement with Peru to address key challenges in the country's forestry sector.

The WTO's dispute settlement system plays an indispensable role as the preeminent forum for the adjudication of international trade disputes with our trading partners. Most recently, since 2015 the United States has prevailed in five major WTO complaints, successfully challenging:

- India's unjustified ban on U.S. poultry and other agricultural exports that was imposed without a scientific basis.
- Argentina's restrictive import licensing system covering potentially billions of dollars in U.S. products, including exports of energy products, electronics and machinery, aerospace equipment, and agricultural products.

- China's duties on U.S. exports of advanced steel products.

- India's measures that discriminate against U.S. solar energy equipment.

These successful outcomes are clear examples of the Administration's winning strategy of fighting back against countries that unfairly block or discriminate against U.S. exports or distort trade against U.S. interests.

We will use dialogue to resolve disputes when possible – and launch new WTO or FTA cases when necessary – to enforce our trade rights. Our goal remains to ensure that our trading partners lift barriers to U.S. goods and services as required under our trade agreements, protect U.S. IPR, enforce labor and environmental standards, ensure regulations to protect human, animal, or plant life or health are based on science, and that all rules and regulations are transparent and applied without discrimination. The Administration is confident that when the playing field is level, American workers, farmers, and businesses can compete and succeed in international markets.

Enforcement is not just about taking disputes. Over the last 7 years, the Obama Administration has resolved hundreds of trade concerns, short of launching formal enforcement procedures, through engagement, including in the context of threatened litigation. For example, USTR has addressed dozens of barriers blocking U.S. agriculture exports, including securing access for beef exports to the Philippines and Indonesia, poultry exports to Colombia and Japan, and pork exports to Chile, New Zealand, and Malaysia. We have also resolved numerous IP issues affecting U.S. businesses and workers, including engaging bilaterally to secure Canadian passage of legislation to fight counterfeiting and piracy and using our 'Special 301' process to ensure important IP reforms in the Philippines, Canada, Colombia, Israel, Malaysia, and others.

The Obama Administration will continue to take a whole of government approach to monitoring and enforcing U.S. trade rights in 2016. The Interagency Trade Enforcement Center (ITEC) brings together resources and expertise from across the federal government to provide critical investigative and analytical resources. In February, 2016, the President signed legislation that codifies this approach by permanently establishing in USTR the Interagency Center on Trade Implementation, Monitoring, and Enforcement (ICTIME). This collaborative structure is significantly enhancing the Administration's capacity to proactively enforce U.S. trade rights. The United States will continue to push farther and dig deeper into trade distortions resulting from the complex web of industrial policies and bureaucratic systems of key trading partners like China. These and other activities are possible because of the language, data analysis, research, and other expertise gathered together within the Interagency Center and focused on specific trade issues.

## Strengthening Partnerships

***"Because 95 percent of the world's consumers live outside the United States, we must continue to look beyond our borders—from Beijing to Bogota—to open new markets for American exporters. As we work to expand economic opportunity here at home, we are reminded how three proud words, "Made in America," will ensure our next generation inherits an economy built to last."***

**- President Barack Obama**

Trade plays a leading role as a tool for strengthening bilateral and regional partnerships. The United States continues to promote mutual accountability and shared ambition as we work to strengthen our trade relationships and support U.S. jobs through a variety of bilateral and regional trade and investment avenues, including Trade and Investment Framework Agreements (TIFAs). In addition to our ongoing major negotiations with partners in Asia, Europe, and around the world, in 2016 the United States will engage with trading partners to create additional bilateral and regional trade and investment opportunities that will help grow our economy.

### Asia and the Pacific

#### China

President Obama is committed to robust U.S. engagement with China that focuses on providing American businesses with a level playing field to compete in its large and growing market. The Administration has pursued engagement to advance our interests across the board, working bilaterally, multilaterally at the WTO, and regionally and plurilaterally through forums like the G-20 and APEC.

These efforts have produced recent progress in several areas. At the 2015 Joint Commission on Commerce and Trade (JCCT) meeting, we announced key outcomes in the areas of technology policy, IPR protection, standards setting, pharmaceuticals and medical devices, and competition law. At the Strategic and Economic Dialogue (S&ED), the United States and China underscored the importance of fostering an open, transparent, and nondiscriminatory environment for trade and investment on issues related to information and communications technology products and services, strategic emerging industries, online infringement, theatrical film distribution, transparency, and other areas.

In 2016, we will pursue our trade and investment objectives with China using all available tools, including dialogue, negotiation, and enforcement, as we seek to open China's market, ensure the unencumbered exercise of IPR in China, address China's excess capacity in key sectors such as steel and aluminum, improve agricultural market access, remove regulatory barriers, especially in the technology sector, ensure industrial and competition policies do not discriminate or distort markets, and increase transparency across all sectors. We will continue our efforts to negotiate a high-standard Bilateral Investment Treaty (BIT) with China. We will continue to work towards securing China's participation in the Government Procurement Agreement (GPA) to support rebalancing of the U.S.-China trade relationship by expanding U.S. sales into China's large government procurement market.

#### India

Increasing trade and investment between the United States and India is critical to enhancing the dynamism of this important economic relationship, and in recent years, the Administration has greatly strengthened

the U.S. - India bilateral trade relationship, contributing to two-way bilateral trade surpassing $100 billion for the first time in 2014.

In September 2014, President Obama and Prime Minister Modi agreed to a new High Level Working Group on Intellectual Property and a new Manufacturing Dialogue under the United States-India Trade Policy Forum (TPF). The TPF has gained momentum with Ministerial meetings in November 2014 and October 2015, supported by the inter-ministerial work of established working groups on IP, promoting investment in manufacturing, agriculture, and services. Since the Administration redoubled its engagement with India, we have seen the Modi government embark upon a new draft National Intellectual Property Policy, open foreign investment in various services sectors, remove cumbersome labeling requirements, and increase its engagement with stakeholders. The Indian cabinet has also endorsed India's accession to the WTO Trade Facilitation Agreement. USTR is continuing to share best practices with the Indian government and is seeking to secure substantive reforms that will further increase trade and investment.

In 2015, India and the United States and exchanged views on a range of issues, including agriculture, services, promoting investment in manufacturing, and IPR. These discussions also produced agreed upon work plans for continued engagement during 2016. At the direction of the President and Prime Minister, we also plan to discuss the prospects for moving forward with a high-standard BIT. Additionally, we aim to achieve substantial progress on IPR issues with India through the High Level Working Group on Intellectual Property and continued regular technical discussions.

### Korea

Last year, the United States and Korea held a number of bilateral trade consultations, including FTA committee meetings and working groups under the United States-Korea Free Trade Agreement to ensure full implementation of commitments made under the agreement. The United States raised and resolved a number of concerns, including in the automotive, financial services, pharmaceuticals, agriculture and customs areas. In 2016, The United States will continue these consultations to address bilateral trade issues in a timely fashion. The United States and Korea will also continue to cooperate in a range of multilateral and regional fora, such as APEC and TiSA.

### ASEAN

The United States recognizes the importance of trade and investment with the ten ASEAN countries, a market of 632 million people, and has sought to further deepen ties both with the group and bilaterally as part of the Obama Administration's broader Asia rebalance strategy. In 2016, we plan to build on this active engagement. In February, the Administration hosted the ASEAN Economic Ministers for a roadshow to promote our trade relationship following ASEAN's announcement of the establishment of the ASEAN Economic Community, a milestone in its efforts to integrate the region. In addition, while we have concluded high-standard rules with those ASEAN countries that are TPP Parties, this year we will further intensify our engagement with ASEAN through U.S.-ASEAN trade workshops under our TIFA, and bilaterally with Philippines, Indonesia, Thailand, Cambodia, Laos and Burma to address specific issues and lay the groundwork for ASEAN countries to join high-standard trade agreements.

### APEC

In 2015, through its work in APEC, the United States advanced important initiatives to help promote regional economic integration. Specifically, the United States led the effort to fulfill the APEC commitment to reduce tariffs to 5 percent or less on a list of 54 environmental goods. These tariff reductions on technologies such as wind turbines and solar water heaters unlock opportunities for U.S. green technology

exporters while improving access to the technologies that the United States and other countries need to protect our environment. With U.S. support, APEC has begun to focus on expanding services trade, an area where U.S. companies excel, through the adoption of the APEC Services Cooperation Framework. In addition, in 2015, the United States also advanced key initiatives to support the digital economy and will continue to advance initiatives that help improve supply chain performance and facilitate trade. In 2016, the United States will continue to move these and other initiatives forward in an effort to guide APEC economies toward the goal of promoting a free and open trade and investment environment.

## Eurasia

### Russia

The Obama Administration responded to Russia's continued illegal actions in Ukraine by politically isolating and imposing economic costs on Russia through a carefully constructed sanctions regime, in close cooperation with the European Union and other partners. We will continue to monitor Russia's implementation of its WTO obligations and work to ensure U.S. exports are treated consistently with those commitments.

### Central Asia

This year we welcomed Kazakhstan and Afghanistan's completion of the WTO accession process. Kazakhstan became a WTO Member on November 30, 2015, which should have important implications for operation of the Eurasian Economic Union. We encourage Afghanistan to ratify the accession package so it can begin to receive the full benefits of WTO Membership. We will continue to encourage Uzbekistan and Turkmenistan to advance their efforts to accede to the WTO.

We will build upon the work conducted last year under our innovative plurilateral TIFA with the five Central Asian countries (Kazakhstan, Kyrgyzstan, Turkmenistan, Tajikistan, and Uzbekistan), focusing particularly on WTO membership, customs, and procurement. We will advocate for Afghanistan's full membership to this TIFA, and Pakistan's proposed observership. We will monitor the actions of the Eurasian Economic Union, ensuring all parties continue to uphold their WTO commitments. USTR will also work with Nepal under our bilateral TIFA, focusing efforts on trade facilitation and trade preferences.

## The Americas

The United States maintains strong economic ties with its trading partners throughout the Western Hemisphere. Boasting a combined goods and services trade of over $1.5 trillion, we seek to build upon an extensive web of existing bilateral and regional trade agreements to further enhance U.S. export opportunities to the region. Canada remains our largest trading partner for goods, services and investment. Working with the government of Prime Minister Trudeau in 2016, we will enhance the competitiveness of our integrated supply chains through cooperation on regulatory, trade facilitation and border-related initiatives. With Mexico, in 2015 we took further steps to deepen our bilateral economic partnership through the High Level Economic Dialogue. In 2016, we will continue to work bilaterally to deepen our partnerships, enhance North American competitiveness, and address barriers to U.S. exports.

Trade between the United States and Central America and the Caribbean remains strong. U.S. goods exports to the CAFTA-DR countries were valued at $28.9 billion in 2015. In 2016, the United States will work to deepen trade its relationships with CAFTA-DR partners to strengthen implementation of the trade agreement, facilitate trade and address outstanding issues related to IP, SPS measures, workers' rights, and environmental protections, among others. Most of the Caribbean enjoys preferential access to the United

States through our only permanent preference program, known as the Caribbean Basin Initiative. In 2016, we will continue our engagement with the region to encourage even greater trade and investment.

We will also continue growing our exports and deepening our trade and investment policy engagement with Brazil through the Agreement on Trade and Economic Cooperation (ATEC). We are looking forward to engaging with Argentina and the newly elected government of President Mauricio Macri to explore ways to deepen our economic ties. We will also work to deepen our trade with our other FTA partners in Latin America: Chile, Peru, Colombia, and Panama.

Our work with Peru under the groundbreaking Annex on Forest Sector Governance (Forest Annex) to the U.S. Peru Trade Promotion Agreement will continue in 2016. Peru and the United States have a common objective of strengthening forest sector governance, combatting illegal logging and illegal trade in timber and wildlife products, and furthering sustainable management of forest resources in Peru. Peru is also hosting APEC in 2016, and the United States will work closely with Peru to ensure a successful host year.

Within the parameters for the new relationship with Cuba set by the Administration and the existing embargo, we will work in the WTO and bilaterally to explore ways to deepen our trading relationship with Cuba; and, if conditions are right, advance the normalization of U.S.-Cuba trade relations.

## Sub-Saharan Africa

The United States will also intensify engagement with trading partners in sub-Saharan Africa to advance key trade and investment initiatives. As President Obama emphasized at the Global Entrepreneurship Summit in July 2015, Africa includes some of the fastest growing economies in the world, with a growing middle class and expanding markets in manufacturing, retail, and telecommunications. U.S. companies increasingly see opportunities in Africa, and we are working to support increased U.S.-Africa trade through a range of initiatives, including AGOA, enhanced regional TIFAs, and Trade Africa – which establishes a more strategic and coordinated approach to trade and investment capacity building in Africa. We are also advancing other initiatives such as Power Africa which improve Africa's infrastructure and, thus, its trade competiveness.

We aim to significantly advance President Obama's Trade Africa Initiative through our work with the East African Community (EAC) in promoting cooperation in key areas like trade facilitation, SPS measures, technical barriers to trade issues, and exploring other areas, including a possible regional investment treaty. The Trade Africa Initiative has also been expanded to new countries and regions, including Mozambique, Zambia, Cote d'Ivoire, Ghana, Senegal and the Economic Community of West African States (ECOWAS), and we are developing targeted workplans. Through the work and recommendations of the President's Advisory Council on Doing Business in Africa (PAC-DBIA), we will work to expand U.S. business engagement and investment in Africa, promote African regional integration, and support more diversified two-way U.S.-Africa trade, including increased U.S. exports to rapidly growing African markets.

The Administration is also doing an intensive analysis of ways to enhance the U.S.-Africa trade and investment relationship beyond AGOA. A report will be submitted to Congress in late June 2016. The report will respond to a Congressional mandate to identify those sub-Saharan African countries that might be ready to negotiate an FTA with the United States, but will also analyze the building blocks for enhanced U.S.-Africa economic engagement and the underlying rationale for such engagement.

## Middle East and North Africa

The revolutions and other changes that have swept through the Middle East and North Africa in recent years have provided new opportunities, as well as substantial new challenges, with respect to U.S. trade and investment relations with countries in the region. In 2015, the United States continued to monitor,

implement, and enforce existing U.S. FTAs in the region (Bahrain, Israel, Jordan, Morocco, and Oman), pursued TIFA consultations with Saudi Arabia, the Gulf Cooperation Council, Tunisia and Algeria, and sought new opportunities to cooperate more closely with Egypt.

In 2016, we will aim to advance our bilateral trade relationships with MENA countries through these mechanisms, wherever possible incorporating intensified engagement with the private sector so as to reap the benefit of innovative thinking on how to stimulate broad-based economic growth. We also hope to construct new commercial connections with key regional partners such as Turkey, which has become a significant source of growth in its neighborhood and with which our bilateral economic ties have grown steadily in recent years. In 2016, we will continue to engage with Turkey through the Framework for Strategic Economic & Commercial Cooperation (FSECC), a Cabinet-level dialogue created in 2009 to focus on trade and investment issues.

As part of our engagement with these partners, we will seek to craft and pursue initiatives that can help lay the groundwork for greater economic integration among MENA countries, an outcome many have identified as critical to the future prosperity of the region.

# PART III: PROMISES DELIVERED

Made in America is making a comeback. From the depths of the Great Recession, our economic recovery has come a long way since President Obama was sworn into office. Increasing American exports has been a critical part of accelerating this economic recovery. Trade enhances the competitiveness of the U.S. economy, and its capacity to take what it creates here and make it the driver of economic activity around the world. That's why President Obama has made trade a central part of his economic strategy for creating good jobs, promoting growth, and strengthening the middle class.

Now in its eighth year, that strategy has delivered. Through tough negotiating, vigilant enforcement, and sustained engagement, the United States has leveraged trade policy to strengthen communities around America and give hope to workers around the world. We have fought to open the largest and fastest growing markets to U.S. exports, including through next generation trade deals like TPP. Working closely with Congress, we have renewed preference programs, and with a bipartisan vote for the renewal and modernization of Trade Adjustment Assistance (TAA), helped provide American workers with the tools they need to thrive in a rapidly changing economy. We have reasserted U.S. rights through a strengthened and more strategic trade enforcement system, with more resources and expert staff filing more cases and winning more consequential judgments for American businesses, farmers, and workers.

These efforts have helped restore the connection between hard work and honest reward, positioning more Americans to compete—and win—in tomorrow's global economy.

## History Made for American Jobs and Exports

***"Trade that's fair and free and smart will grow opportunity for our middle class. It will help us restore the dream we share and make sure that every American who works hard has a chance to get ahead. That's a cause worth fighting for, today and every day I have the honor of serving as your President."***

**- President Barack Obama**

President Obama's trade strategy has achieved a number of historic victories on behalf of working Americans. Globally, the United States led a number of efforts that helped raise standards, lower barriers to U.S. exports, and strengthen the open, rules-based trading system. By leading the TPP negotiations to conclusion, the United States forged the world's highest standard trade agreement. American leadership was also critical for concluding the first multilateral trade agreement in the WTO's history, the TFA, and finalizing the ITA Expansion Agreement, the first major tariff liberalization deal at the WTO in nearly two decades, as well as for launching T-TIP, TiSA and EGA negotiations. Bilaterally, the United States entered free trade agreements signed into law by President Obama with Korea, Colombia, and Panama

These breakthroughs required bipartisan support and close cooperation with America's elected officials in Congress. Working with Congress, the Administration helped bring TPA into the 21st century, with the Bipartisan Congressional Trade Priorities and Accountability Act of 2015 giving U.S. negotiators guidance on topics ranging from manufacturing tariffs and SPS measures, to the digital economy and SOE competition, as well as the bipartisan support to bring home the best deal possible. The Administration worked with Congress to renew Trade Adjustment Assistance for American workers and to secure the longest renewal of AGOA in history, as well as renewal of the Generalized System of Preferences (GSP) and the HOPE program for Haiti. Finally, the Administration and Congressional leadership worked together to pass the Trade Facilitation and Trade Enforcement Act, which will bolster our trade enforcement efforts.

## Trans-Pacific Partnership

Last October, the United States along with Australia, Brunei Darussalam, Canada, Chile, Japan, Malaysia, Mexico, New Zealand, Peru, Singapore, and Vietnam, concluded the TPP negotiations. TPP will significantly boost U.S. exports of goods and services in some of the fastest growing economies in the world and set high-standard trade and investment rules that will increase U.S. productivity and foster American innovation and competitiveness; support the creation and retention of high-paying jobs in the United States; and raise living standards. TPP will cut over 18,000 import taxes imposed on Made in America products imported into TPP countries; open new markets for U.S. service suppliers; address nontariff barriers that unfairly block U.S. exports; promote digital trade and strong and balanced rules for America's globally competitive IP-intensive industries; level the playing field by fostering fair competition and good governance; enforce high labor and environmental standards; help ensure fair and transparent regulatory policies that promote trade by U.S. innovators and exporters, while helping to ensure consumer safety and privacy; and promote inclusive growth, including by supporting U.S. small businesses.

## Trade Facilitation Agreement

Last year, the Administration took the final step toward enabling full implementation of the WTO TFA, the first multilateral trade agreement in the WTO's 20-year history, by submitting the United States' ratification to the WTO. Once the TFA is ratified by two-thirds of the WTO Membership, it will enter into force. This hard won agreement promises to improve efficiency, reduce costs, ease exports for American small businesses, and to provide especially large growth benefits for many of the world's poorest countries. Analysis by the WTO suggests that the TFA, if fully implemented, can generate hundreds of billions of dollars in economic activity. The TFA, with binding commitments on all WTO Members to expedite movement, release and clearance of goods, improve cooperation on customs matters, and help developing countries fully implement the obligations, will open new markets for U.S. exporters by significantly reducing customs barriers they face worldwide.

## Information Technology Agreement Expansion

In July 2015, the United States led over 50 developed and developing countries in finalizing ITA Expansion. This landmark agreement, the first major tariff-liberalization deal achieved at the WTO in the past two decades, will eliminate hundreds of tariffs on roughly $1.3 trillion in global information and communication technology exports, and, according to some estimates, will increase annual global GDP by an estimated $190 billion annually. American producers and exporters will benefit from the expanded agreement, as more than $180 billion in American technology exports will no longer face burdensome tariffs in key global markets. Tariff reductions and eliminations are to be implemented on July 1, 2016.

## Korea, Colombia, and Panama FTAs

Working with Congress, the Administration secured passage of FTAs with Korea, Colombia, and Panama. These victories followed successful efforts to address outstanding concerns related to the agreements, including an accord on autos (Korea), labor (Colombia) and transparency in the banking system (Panama).

## Trade Promotion Authority

In June 2015, Congress passed and President Obama signed the Bipartisan Congressional Trade Priorities and Accountability Act of 2015, providing six years of TPA and setting clear expectations for high-standard trade agreements. The bill's passage demonstrated the bipartisan support for U.S. leadership in establishing the rules for global trade, while helping to deliver more well-paying, middle class jobs and economic opportunities for American businesses, farmers, ranchers, manufacturers, and entrepreneurs through the passage of trade agreements like TPP and T-TIP.

## Trade Adjustment Assistance

In June, Congress passed and President Obama signed the Trade Adjustment Assistance Reauthorization Act of 2015, providing a six-year renewal of assistance to workers adversely affected by trade. Increased trade provides significant benefits to the overall U.S. economy, but certain sectors or businesses can face adverse consequences. The renewal of TAA demonstrated bipartisan support for ensuring that workers harmed by foreign trade have the best opportunity to acquire skills and credentials to get good jobs.

## Renewal of Preference Programs

Last year, Congress passed and President Obama signed bipartisan legislation to renew AGOA to ensure continued trade engagement with sub-Saharan Africa. AGOA has been the cornerstone of our trade relationship with Africa for 15 years, and its renewal for a 10-year period, the longest ever in the program's history, will provide much-needed certainty to African producers, U.S. buyers, and investors. AGOA also incentivizes good governance and pro-growth, pro-development policies, including on labor and human rights. U.S. buyers are looking to invest in African production and sourcing in a range of value chains.

Congress also renewed the GSP and HOPE programs. GSP, which had lapsed in July 2013, was renewed, with retroactive application, in 2015. This program will promote economic growth in the developing world by eliminating duties on a wide range of products from developing countries, and will also support U.S. jobs by helping keep American manufacturers competitive. HOPE supports thousands of jobs in Haiti's textile and garment sectors, while providing important protections to workers. Early extension of this program will provide the necessary stability and continuity for companies to continue investing in Haiti's future.

## Trade Facilitation and Trade Enforcement Act

In February of 2016, Congress passed and President Obama signed the Trade Facilitation and Trade Enforcement Act, which includes a number of new tools and resources for us to enforce the IP, labor, environmental, and many other commitments we've secured from trading partners across the globe. The bill establishes the Interagency Center on Trade Implementation, Monitoring, and Enforcement at USTR, codifying into law the President's Executive Order from 2012 that first created the interagency approach to boosting enforcement efforts. It also creates a trade enforcement trust fund to provide new resources for enforcement, improves our ability to target trade partners who evade AD/CVD orders, strengthens our ability to enforce IP protections, strengthens the prohibition on importing goods made by forced labor, and makes other important advances.

## Rights Enforced

***"I have made rigorous trade enforcement a central pillar of U.S. trade policy, and we have moved aggressively to protect American workers and to improve labor laws and working conditions with trading partners across the globe."***

**- President Barack Obama**

The Obama Administration has executed the most robust enforcement strategy in the history of U.S. trade policy. Our enforcement efforts are essential to growing our economy and defending the livelihoods of hard-working Americans. That's why President Obama has made trade enforcement a focal point of his strategy for opening markets for U.S. exports.

This record speaks for itself. The United States has filed 20 complaints since 2009 at the WTO – more than any other WTO Member during this period. And the United States has won every one of these cases that have been decided so far. Export figures and industry estimates confirm that these enforcement wins are worth billions of dollars for American farmers and ranchers, manufacturers of high-tech steel, aircraft, and automobiles, solar energy exporters, cutting edge service providers, and many others.

### Asserting U.S. Rights in China Trade

**Presidential Safeguard Action on Tires from China:** In September 2009, President Obama imposed additional duties for a period of three years to address a harmful surge of imports of Chinese tires for passenger cars and light trucks. The surge caused production of U.S. tires to drop, domestic tire plants to close, and Americans to lose their jobs. President Obama was the first, and only, President to impose additional duties under the law implementing the special China safeguard provision negotiated as part of China's accession to the WTO. USTR successfully defended China's WTO challenge to the President's action, resulting in WTO findings that rejected China's challenge in its entirety.

**Chinese AD/CVD Duties on Autos from the United States**: In 2014 the Obama Administration won a major trade enforcement case against China on behalf of U.S. auto manufacturers and the more than 900,000 American automotive industry manufacturing workers around the country, from Michigan to Ohio to California. In that case, the WTO agreed with the United States that China's imposition of antidumping duties and countervailing duties on American-made cars and sport-utility vehicles (SUVs) breached numerous international trade rules. In 2013, the United States exported over $60 billion of autos, with about 15 percent of the total going to China. China is now the second largest export market for U.S. autos, after Canada. China's unjustified duties, which ranged up to 21.5 percent, affected an estimated $5.1 billion worth of U.S. auto exports in 2013, and were applied to well-known models such as the Jeep Grand Cherokee, Buick Enclave, Cadillac Escalade, and many others.

**Export Restraints on Raw Materials**: In June 2009, the United States challenged China's export restraints on nine raw materials to create a level playing field for U.S. workers and businesses that manufacture downstream products in the steel, aluminum and chemical sectors. The export restraints enabled China's downstream producers to obtain a dramatic competitive advantage by significantly decreasing their input costs. For example, in 2008, the input cost for coke was 36 percent less for Chinese domestic steel producers than their foreign counterparts. In 2011, the WTO found China's quotas and duties to be inconsistent with its WTO commitments. In December 2012, China eliminated the offending measures.

**Export Restraints on Rare Earths:** In March 2012, the United States challenged China's export restraints on rare earths, tungsten and molybdenum products. China is the world's leading producer of rare earths, producing an estimated 130,000 metric tons of rare earth oxide, which accounted for approximately 97

percent of global production in 2011. In all, China's export restraints on the materials at issue in this dispute cover approximately 100 tariff codes. The United States brought this dispute to create a level playing field for U.S. workers and businesses that manufacture many important downstream products in the United States, including hybrid car batteries, wind turbines, energy-efficient lighting, steel, advanced electronics, automobiles, petroleum and chemicals. In late 2014, the WTO agreed with the United States and found that China's export restraints are inconsistent with WTO rules. China announced that it has eliminated WTO-inconsistent export duties and quotas on these products. The United States is closely monitoring China's actions to ensure that these illegal policies are in fact discontinued and that China fully complies with its obligations.

**Chinese AD/CVD Duties on High Tech Steel from the United States:** In 2010, the Obama Administration successfully sued China when it effectively blocked U.S. steel imports through unfair duties. We disagreed when China said that it had brought its duties in line with WTO rules and sued China again. In 2015, the WTO again agreed that China was breaking WTO rules. This enforcement victory led to China reopening a more than $250 million market for American steel exports of grain oriented electrical steel (GOES), directly benefiting our nation's steelworkers. GOES is a high-tech steel that is primarily used by the power generating industry in transformers, rectifiers, reactors, and large electric machines. AK Steel Corporation and Allegheny Ludlum, based in Pennsylvania, manufacture GOES in the United States.

**Electronic Payment Services:** In September 2010, the U.S. challenged China's restrictions and requirements on electronic payment services (EPS) for payment card transactions and the suppliers of those services. Each year well over one $1 trillion worth of electronic payment card transactions are processed in China. In 2012, the WTO agreed with the United States that China's measures discriminate against U.S. suppliers. China has taken some steps to address the problems identified by the WTO, and the Administration continues to work with U.S. stakeholders and China to ensure American credit and debit card companies' fair access to China's market.

**Wind Power Equipment:** In December 2010, following a petition from the United Steelworkers, the United States initiated a WTO case challenging subsidies that China provided to manufacturers in its wind power equipment sector. The subsidies appeared to require the use of local content, at the expense of foreign manufacturers' products. At the time of the dispute, grants provided under this program from 2008 to 2010 totaled several hundred million dollars. In response to USTR's challenge, China terminated the challenged subsidy program.

**Chinese AD/CVD Duties on Poultry from the United States:** In September 2011, the United States challenged China's AD/CVD duties on U.S. exports of chicken "broiler products." According to industry estimates at the time, the U.S. poultry industry stood to lose approximately $1 billion in sales to China by the end of 2011. In June 2013, the WTO agreed that China's measures were inconsistent with its WTO commitments. China issued a new measure in response to the WTO finding in 2014. The United States is reviewing that measure.

**Chinese Export Bases for Autos and Auto Parts:** In September 2012, the United States challenged a Chinese export subsidies program to auto and auto parts enterprises in China that severely distorts competition. In the years 2002 through 2011, the value of China's exports of autos and auto parts increased more than nine-fold, from $7.4 billion to $69.1 billion, and China rose from the world's 16th largest to the 5th largest auto and auto parts exporter during this period. After consultations, China removed or did not renew key provisions. The United States continues to monitor China's actions with respect to the matters at issue in this dispute.

**China Demonstration Bases for Common Service Platform:** In February 2015, USTR requested WTO consultations on China's measures that appear to establish a program of prohibited export subsidies. China

is directing a variety of service providers to offer discounted or free services to producers across a wide range of industries, including agriculture, light industry, new materials (including ferrous and non-ferrous alloys), pharmaceuticals, textiles, hardware and building materials, and specialty chemicals. These producers are clustered in designated export regions called "Demonstration Bases." In addition, producers may also receive subsidies such as cash grants, grants for research and development, subsidies to pay interest on loans, and preferential tax treatment for exporting. The WTO established the dispute settlement panel in April 2015 at the request of the United States. Through this action, USTR is challenging Chinese subsidies that provide an unfair advantage to businesses located in China, distorting competition with American-made products.

**Chinese Tax Measures Concerning Certain Domestically Produced Aircraft:** In December 2015, USTR requested consultations with China on its measures exempting certain aircraft produced in China from a 17% value-added tax (VAT) while imposing those taxes on imported aircraft. The discrimination caused by the Chinese measure affects U.S.-made aircraft and U.S. parts producers who provide components to foreign-made aircraft. The measures affect imported aircraft generally under 25 metric tons, including general aviation and regional jets, while exempting such China-made aircraft. China also failed to publish these measures in accord with its WTO obligations. Through this action, the United States is challenging China's breaches of fundamental WTO rules of nondiscrimination and transparency in this strategically important sector.

## Winning For Americans Around the World

**India's Ban on U.S. Agriculture Exports:** In 2015 the U.S. won a major victory for the U.S. poultry industry and its workers after suing India over an unfair ban on our poultry, meat, and eggs. The U.S. poultry industry, which directly employs hundreds of thousands of workers and consists of tens of thousands of family farms, has been particularly affected by India's restrictions. The industry estimates that U.S. exports to India of just poultry meat alone could exceed $300 million a year once India's restrictions are removed – and are likely to grow substantially in the future as India's demand for high-quality protein increases. Exports are important to the health of this industry. The United States exports 18 percent of its poultry meat production, with U.S. domestic exports for poultry meat, eggs, and other poultry products worth approximately $6.5 billion to over 136 countries in 2014. This successful challenge at the WTO is an important step forward in fully opening India's markets.

**Argentina's Restrictions on U.S. Goods Exports:** In 2015 the U.S. won a trade enforcement victory against Argentina that involved its widespread restrictions on the importation of a range of U.S. goods. The restrictions by Argentina affected billions of dollars in U.S. exports, including energy products, electronics and machinery, aerospace and parts, pharmaceuticals, precision instruments and medical devices, miscellaneous chemicals, motor vehicles, vehicle parts, and agricultural products. The following U.S. states represented the largest share of exports to Argentina in 2015, each exporting over $100 million in goods that year: Texas, Louisiana, Florida, Washington, Michigan, New Jersey, Illinois, California, Tennessee, South Carolina, New York, Pennsylvania, Georgia, Ohio, North Carolina, Indiana, Wisconsin, Virginia, and Maryland.

**The Philippines Excise Taxes**: In 2012, the WTO agreed with the United States that Philippine excise taxes on imported distilled spirits were discriminatory and inconsistent with the Philippines' WTO obligations. The Philippines had imposed taxes on imported distilled spirits, such as whiskey and gin, at approximately ten to forty times higher than those applied to domestic products. In response, the Philippines modified its taxes on distilled spirits so as to equalize the tax rates for domestic and imported products.

**India's Discriminatory Policies on Imported Solar Cells:** In February 2013 and February 2014, the United States challenged India's "localization" rules discriminating against imported solar cells and

modules under two phases of India's National Solar Mission. The United States initiated the challenge in order to ensure that world-class U.S. clean energy goods can compete on an equal footing and can continue to support American jobs and manufacturing. The United States strongly supports the rapid deployment of solar energy around the world—including in India—but discriminatory policies in the clean energy space undermine efforts to promote clean energy by requiring the use of more expansive and less efficient equipment. The United States has consistently made the case that India can achieve its clean energy goals faster and more cost effectively by allowing solar technologies to be imported from the United States and other solar producers. In February 2016, a WTO dispute settlement panel found in favor of the United States that India's domestic content requirements are inconsistent with WTO rules that prohibit discrimination against imported products. These enforcement wins are a significant victory for both rapid deployment of solar energy across the world, and for U.S. clean energy jobs that rely on exports.

**EU Subsidies Affecting American Aerospace Workers and Businesses:** The United States successfully challenged the European Union's $18 billion in Airbus subsidies. When the EU claimed compliance without withdrawing its subsidies, the U.S. initiated a compliance proceeding, which is ongoing. A successful resolution of this dispute will bring enormous benefits to American aerospace workers and companies of all sizes by bringing about a more level playing field and limits on new civil-aircraft subsidy programs. This is particularly important for machinists and engineers in regions like the Pacific Northwest and Southeast as well as for aerospace suppliers that support well-paying American jobs across the country.

## Making Trade Work for Workers

The Obama Administration believes that by improving labor rights through our trade initiatives we can simultaneously uphold and promote U.S. values, strengthen the ability of American workers to compete on a level playing field in the global marketplace, and help grow a larger middle class in our trading partners that will fuel demand for U.S. goods and services.

**Guatemala:** The Obama Administration is the first to make use of the dispute settlement mechanism to stand up for workers' rights. This case, filed against Guatemala challenging its enforcement of its labor laws relating to the right of association, the right to organize and bargain collectively, and acceptable work conditions under the CAFTA-DR agreement, sends the strong signal that the United States will use the full range of tools at our disposal, including formal dispute settlement, to ensure that workers' rights are protected. Findings in the case are expected to be issued by the arbitral panel in 2016.

**Bahrain:** We pursued formal consultations under the U.S.-Bahrain FTA to address concerns regarding targeting of union leaders in the events surrounding the 2011 Arab Spring civil unrest. Bahrain has made important progress, such as reinstating the vast majority of workers who had been dismissed in that process, but significant challenges remain and USTR, DOL, and State are continuing to engage to try to resolve them.

**Colombia:** A long and constructive engagement with Colombia led to negotiation of the extensive Colombian Action Plan Related to Labor Rights designed to address longstanding concerns relating to violence against labor leaders, impunity for such acts and protection of labor rights. Important progress has been made, but much more work remains to be done.

**Jordan:** Our engagement has produced an Implementation Plan Related to Working and Living Conditions of Workers that is helping to address concerns about workers' rights and working conditions in Jordan's garment sector, particularly with respect to foreign workers. Jordan has issued new standards for dormitory inspections, submitted new labor legislation to its parliament and hired new labor inspectors. USTR and DOL continue to work with Jordan on the issues under the Plan.

**Bangladesh, Swaziland, and Haiti:** The Administration has effectively utilized the tools in U.S. preference programs to protect labor rights. Each of these countries is eligible or potentially eligible for benefits under different programs—Bangladesh under GSP, Swaziland under AGOA and Haiti under the HOPE program. These programs all condition preferential market access on meeting certain country eligibility criteria, including criteria relating to labor rights. The Obama Administration has effectively made use of all three preference programs to leverage progress on a range of serious labor issues: from lack of worker voice, to building and fire safety concerns, to acts of violence and intimidation towards union organizers, to employment-related sexual harassment.

**Burma:** We launched the Initiative to Promote Fundamental Labor Rights and Practices in Burma in 2014, which established a partnership between the United States, Burma, Japan, Denmark, the European Union, and the International Labor Organization to advance labor rights and protections for workers in Burma. The Initiative takes a multilateral, multi-stakeholder approach to strengthen labor reform, enforcement, transparency, and consultation to support domestic labor law reform consistent with international standards and the foundation for good industrial relations.

# CONCLUSION: AMERICA'S TIME TO LEAD

When America leads on trade, the U.S. economy is stronger and the world is safer.

Since the beginning of the Obama Administration, we have leveraged trade to spur growth, support well-paying jobs, and strengthen the middle class. Trade played a key role in our recovery from the great depression, and since that time, exports have continued to support jobs and strengthen communities across the country.

Continuing this progress will impact not only the strength of our economy here at home, but also America's position in the world and influence abroad. Done right, trade brings stability to critical regions in flux, strengthens our partners and allies, and drives inclusive development.

Day after day, we've worked hard to deliver on the promise of trade. The Obama Administration has:

- Improved and secured passage of trade agreements with Korea, Colombia and Panama to remove barriers to Made in America exports.
- Brought 20 enforcement challenges at the WTO – more than any other country – and won all that have been decided.
- Renewed preference programs like the African Growth and Opportunity Act and the Generalized System of Preferences to help lift people around the world out of poverty.
- Worked with Congress to update and renew bipartisan Trade Promotion Authority to reflect today's global economy, and extend and improve Trade Adjustment Assistance to provide our workers with the tools they need to thrive in a rapidly changing economy.
- Expanded the Information and Technology Agreement to boost American technology exports and encourage global growth.
- Concluded the Trade Facilitation Agreement, the first multilateral deal in the history of the WTO, to reduce customs barriers worldwide.
- Rejuvenated the WTO negotiating process.

These steps are helping to unlock economic opportunity for Americans and strengthen the open, rules-based trading system. Today, the United States is well-positioned to continue leading and shaping tomorrow's global trading system.

We know that American workers and businesses have what it takes to compete globally. The United States is a global leader in innovation, productivity, education, and entrepreneurship. We have a strong rule of law, and all the other ingredients for becoming the world's production platform of choice. All our workers and businesses need is a fair shot.

But we also know that the global playing field remains uneven, and the world isn't waiting. Other countries are actively negotiating to get the best deal for their workers and businesses. If current trends continue, we'll be dealt out of tomorrow's markets as alternative trade and investment models gain traction.

That's why we are pushing forward in our efforts to start a race to the top for global trade. To support jobs and growth on both sides of the Atlantic, we're pursuing a high-standard agreement with the European Union. To build on our strengths as the world's top services supplier and leading producer of green technology, we're advancing the Trade in Services Agreement and the Environmental Goods Agreement.

In the Asia Pacific, we've worked to bring home the highest-standard trade agreement in history: the Trans-Pacific Partnership (TPP). This next-generation agreement will cut over 18,000 taxes on Made in America exports, support more high-paying U.S. jobs, and promote both our interests and our values. As the economic pillar of America's rebalance to Asia, TPP gives us a leading role in writing tomorrow's rules for this critical region.

This year, we have the chance to shape a better future. Working with Congress, we can harness the bipartisan spirit that has driven U.S. trade policy since Franklin Delano Roosevelt's time. We can tackle 21st century challenges and usher in a more prosperous tomorrow. We can lead on trade.

# 2015 ANNUAL REPORT
# OF THE
# PRESIDENT OF THE UNITED STATES
# ON THE
# TRADE AGREEMENTS PROGRAM

# II. THE WORLD TRADE ORGANIZATION

## A. Introduction

This chapter outlines the work of the World Trade Organization (WTO) in 2015 – particularly relating to implementing the results of the Ninth Ministerial Conference in Bali and addressing unresolved issues under the Doha Development Agenda (DDA) in the build up to the WTO's Tenth Ministerial Conference (MC10) in Nairobi, Kenya – and the work anticipated in 2016. This chapter also details work of WTO Standing Committees and their subsidiary bodies, provides an overview of the implementation and enforcement of the WTO Agreement, and discusses accessions of new members to this rules-based organization.

The United States maintains an abiding commitment to the rules-based multilateral trading system, which advances the well-being of the people of the United States and of our trading partners. The WTO, since its inception in 1995, has represented the multilateral foundation for U.S. trade policy, playing a vital role in securing new economic opportunities for American workers, farmers, ranchers, manufacturers, and service providers and promoting global growth and development with widely shared benefits. The United States continues to take a leadership role at the WTO, working to ensure that trade makes a powerful contribution in expanding the global economy.

The WTO provides a forum for enforcing U.S. rights under the various WTO agreements to ensure that the United States receives the full benefits of WTO membership. The WTO agreements also provide a foundation for high-standard U.S. bilateral and regional agreements that make a positive contribution to a dynamic and open global trading system based on the rule of law. On a day-to-day basis, the WTO provides opportunities for advancing U.S. interests through its more than 20 standing committees (not including numerous additional working groups, working parties, and negotiating bodies). These groups meet regularly to permit WTO Members to exchange views, work to resolve questions of Members' compliance with commitments, and develop initiatives aimed at systemic improvements.

The DDA is the ninth round of multilateral trade negotiations since the end of World War II. At the WTO's Eighth Ministerial Conference in Geneva, Switzerland in December 2011, there was a consensus among Ministers that the DDA was at an impasse, with "significantly different perspectives on possible results." The agreed summary for the Ministerial Conference noted that "Members need to more fully explore different negotiating approaches," and reiterated previous ministerial guidance that, where progress can be achieved on specific elements of the DDA, provisional or definitive agreements might be reached before all elements of the negotiating agenda are fully resolved.

During the course of 2012 and 2013, Members took this guidance to heart in working collectively to complete at the WTO's Ninth Ministerial Conference in December 2013 a "Bali Package," which included, in the form of the groundbreaking Trade Facilitation Agreement (TFA), the first new multilateral agreement in the nearly 20-year history of the WTO. The TFA, when fully implemented, will ensure that all WTO Members apply a variety of trade-facilitating customs and related measures that promise to substantially decrease the costs associated with trading and increase the value and volume of global trade. The Bali Package also included important results on agriculture, such as decisions on food security, tariff-rate quota administration, export competition, and development, including a new Monitoring Mechanism to allow experience-based reviews of the implementation and operation of special and differential treatment provisions in WTO agreements. WTO Members agreed on November 27, 2014 to three decisions that support the implementation of the Bali package, one each on the TFA, public stockholding for food security and the post-Bali work program.

Much of the work in the WTO in 2015 focused on attempting to negotiate additional results for the WTO's Tenth Ministerial Conference, which was held in Nairobi from December 15-18, 2015. At the Ministerial Conference, WTO Members succeeded in building on the results of Bali by reaching agreement on multiple agriculture issues, including export competition, and concluding decisions on key issues for the benefit of the least developed countries (LDCs). However, for the first time since the launch of the DDA in 2001, Ministers could not agree to reaffirm the Doha mandates going forward. The United States joined a number of other Members in insisting that the moment had come to abandon further negotiations under the DDA given its limited results and multiple failures in 14 years of negotiations. As a result, the United States expects that future discussions in the WTO will focus on developing new approaches and taking up new issues in negotiations, without being restricted by the outdated manner in which Members previously agreed to approach the negotiations over 15 years ago. This will be a historic turning point for the WTO, allowing Members to reestablish the negotiating credibility of the multilateral trading system and to achieve results that reflect the many changes in the global economy since the beginning of the Doha Round.

Beyond WTO negotiations, the United States and other WTO Members in 2016 renewed their focus on the day-to-day work of the WTO's standing committees and other bodies. These bodies remained instrumental in promoting transparency in WTO Members' trade policies and they also provided a critical fora for monitoring and resisting protectionist pressures. Through discussions in these fora, Members sought detailed information on individual Members' trade policy actions and collectively considered them in light of WTO rules and their impact on individual Members and the trading system as a whole. The discussions enabled Members to assess their trade-related actions and policies in light of concerns that other Members raised and to consider and address those concerns in domestic policymaking. The United States also took advantage of opportunities in standing committees to consider how implementation of existing WTO provisions can be enhanced and to discuss areas that may hold potential for developing future rules.

## B. Moving Beyond the Doha Development Agenda and Other Priority WTO Activities

The DDA was launched in Doha, Qatar, in November 2001, at the Fourth WTO Ministerial Conference, where Ministers provided a mandate for negotiations on a range of subjects and work in WTO Committees, including in the following areas: agriculture; industrial goods market access; services; trade facilitation; WTO rules (*i.e.*, trade remedies, fisheries subsidies, and regional trade agreements); and development. In addition, the Ministers agreed to provide further direction on the implementation of the WTO Agreement. The goal of the DDA, when launched, was to reduce trade barriers in order to expand global economic growth, development, and opportunity; however, after more than 14 years of limited successes and multiple failures, many WTO Members approached 2015 as a final moment to negotiate results under the DDA.

The Trade Negotiations Committee (TNC), established at the WTO's Fourth Ministerial Conference in Doha, has overseen the agenda and negotiations under the DDA in cooperation with the WTO General Council. The WTO Director General has served as Chairman of the TNC.

At the Ninth Ministerial Conference in Bali in December 2013, Members hailed the completion of the Bali Package, which the new WTO Director General, Roberto Azevêdo, described as a much-needed vote of confidence in the WTO's ability to complete multilateral trade negotiations. The Bali Package included the completion of the first new multilateral agreement in the history of the WTO, the TFA. It also included a Ministerial Declaration directing Members to take up other parts of the Doha Agenda. Initial discussions on this so-called "post-Bali work program" began early in 2014 but immediately faced questions regarding the willingness of advanced developing countries to contribute commensurate to their status as major traders.

The United States and others attempted in early 2015 to find creative paths to resolve the impasses on difficult issues, such as market access and agricultural domestic support, but other key players insisted on the same positions that they held since 2008, which had previously led to a failure to reach agreement. As a result, WTO Members were not able to complete the post-Bali work program and failed to even develop specific options for the work program.

During the later months of 2015, WTO Members focused on a more limited set of possible outcomes and initiated a frank exchange of views on the future of the DDA beyond Nairobi. The United States and many other Members stated that they could not agree to reaffirm the DDA mandates in Nairobi and continue negotiations under the DDA architecture beyond 2015 in light of its obvious defects. A number of other WTO Members disagreed and insisted that the DDA must continue until final outcomes are negotiated in all areas of the DDA.

While Members were able to reach agreement on several important areas in Nairobi, such as agricultural export competition and rules of origin for LDC preference programs, the impasse over next steps remains. As a result, the Nairobi Ministerial Declaration explicitly acknowledges the differing views of the WTO Membership regarding the future of WTO negotiations and does not reaffirm the DDA mandates or the continuation of DDA negotiations. However, Members did confirm their commitment to advance negotiations on unresolved Doha issues, including agriculture, non-agriculture market access, services, development, TRIPS, and rules.

Additionally, those WTO Members involved in expansion negotiations on the Information Technology Agreement (ITA) concluded negotiations on the plurilateral ITA in Nairobi, and 28 WTO Members released a statement noting their commitment to reinvigorate negotiations in the WTO on fisheries subsidies, identifying their specific goals for new WTO disciplines.

The WTO is much more than a negotiating forum. It also provides a venue where Members can resolve disputes between them. And beyond this, the WTO demonstrates its value every day through the work of the standing committees and other WTO bodies. In 2015, the United States made effective use of the General Council and WTO subsidiary bodies to raise the profile of trade protectionist actions by other Members. In a number of instances, these efforts led to satisfactory outcomes to resolve such actions.

Overall the United States noted the critical importance of discussions during the course of 2015 on the future of the negotiating functions of the WTO. Nairobi marks a turning point for the WTO, as Members look ahead to exploring new approaches to old issues and to taking up new issues in a variety of negotiating formats.

**Prospects for 2016**

In the follow up in 2016 to the MC10 results in Nairobi, the United States expects to work with other ready WTO Members to identify specific opportunities to negotiate meaningful agreements in the WTO in an effort to move beyond the DDA. It also remains important to sustain and enhance the WTO's critical work in monitoring and providing a forum for resisting protectionism. Accordingly, the United States will continue to devote additional attention to making the best possible use of the WTO's existing committees and other structures, using them both to advance specific U.S. trade policy objectives as well as to ensure the ongoing strength and credibility of the multilateral trading system.

# 1. Committee on Agriculture Special Session

**Status**

WTO members agreed to initiate negotiations for continuing the agricultural trade reform process one year before the end of the Uruguay Round implementation period, *i.e.*, by the end of 1999. Talks in the Special Session of the Committee on Agriculture ("COA Special Session") began in early 2000 under the original mandate of Article 20 of the Agreement on Agriculture (Agriculture Agreement). At the Fourth WTO Ministerial Conference in Doha, Qatar in November 2001, the agriculture negotiations became part of the single undertaking, and negotiations in the Special Session of the Committee on Agriculture were conducted under the mandate agreed upon at Doha, which called for: "substantial improvements in market access; reductions of, with a view to phasing out, all forms of export subsidies; and substantial reductions in trade-distorting domestic support." This mandate, which called for ambitious results in three areas (so called "pillars"), was augmented with specific provisions for agriculture in the framework agreed by the General Council on August 1, 2004, and at the Hong Kong Ministerial Conference in December 2005.

**Major Issues in 2015**

In 2015, the United States continued to lead the effort to approach the Doha negotiations with a focus on how countries might realistically work together to advance the negotiations. The Chairs of the Agriculture Negotiations held negotiations in formal and informal settings to assess Members' views on substantive issues on the agriculture negotiations and on the work program mandated at the WTO's Ninth Ministerial Conference in Bali in December 2013. The United States continued to urge Members to approach the overall Doha negotiations on the basis of a realistic assessment of possibilities for progress. Throughout 2015, U.S. negotiators undertook discussions at various levels (technical and political) and in various formats (bilateral and small group) to determine Members' views and look for ways to move the negotiations forward, in line with U.S. interests and priorities.

The basis of these discussions continued to be from the Bali package of Decisions from the WTO's Ninth Ministerial Conference in December 2013, in areas related to agriculture. On December 19, at MC 10 in Nairobi, WTO Ministers adopted new decisions related to export competition, public stockholding for food security purposes, and a special safeguard mechanism (SSM). In the decision on export competition, Members agreed to the elimination of all forms of export subsidies, as well as new disciplines on export financing and international food aid. In the decision on public stockholding for food security, Members committed to negotiate and make concerted efforts within the COA to agree and adopt a permanent solution. The decision on an SSM for developing country Members agreed that negotiations on an SSM would also be pursued in dedicated sessions of the COA Special Session in the future in the context of broader agricultural market access negotiations.

**Prospects for 2016**

A major focus in 2016 will be informal discussions about the future direction of multilateral agricultural liberalization, drawing on lessons learned from the Doha negotiations and new developments in international agricultural trade since the launch of the Doha negotiations in 2001.

## 2. Council for Trade in Services Special Session

**Status**

The Special Session of the Council for Trade in Services (CTS-SS) was formed in 2000 pursuant to the Uruguay Round mandate of the General Agreement on Trade in Services (GATS) to undertake new multi-sectoral services negotiations. The Doha Declaration of November 2001 recognized the work already undertaken in the services negotiations and set deadlines for initial market access requests and offers. The services negotiations thus became one of the core market access pillars of the Doha Round, along with agriculture and nonagricultural goods.

**Major Issues in 2015**

The CTS-SS met on several occasions during 2015. In the first half of the year, the CTS-SS focused on developing the services components of the comprehensive work program called for by the Bali Ministerial Declaration. These efforts proved unsuccessful, as Members could not reach consensus. During the second half of the year, the CTS-SS turned its attention to the possibility of a deliverable on transparency for MC 10 in Nairobi. This effort also failed as Members could not reach consensus to proceed toward the development of a text.

**Prospects for 2016**

The United States continues to believe that a high level of ambition for services liberalization is a key to economic growth and prosperity. To that end, the United States will continue to pursue new ideas and approaches to promote services trade liberalization.

## 3. Negotiating Group on Non-Agricultural Market Access

**Status**

The U.S. Government's longstanding objective in the Non-Agricultural Market Access (NAMA) negotiations – which cover manufactures, mining, fuels, and fish products – has been to obtain a balanced market access package that provides new export opportunities for U.S. businesses through the liberalization of global tariffs and non-tariff barriers. Trade in industrial goods accounts for more than 90 percent of world merchandise trade[1] and more than 90 percent of total U.S. goods exports. In developing countries, industrial goods comprise 94 percent of goods exports, more than 65 percent of which corresponds to manufactures – an increasing share of which is exported to other developing countries.[2] Therefore, there is a substantial interest in improving market access conditions among developing countries. Yet, many emerging economies still charge very high tariffs on imported industrial goods, with ceiling tariff rates exceeding 150 percent in some cases. Thus, achieving broad market-opening outcomes is critical to stimulating trade and driving economic development as the global economy continues to recover.

The NAMA negotiations, however, have remained at an impasse since the Eighth Ministerial Conference at the end of 2011. Without significant market-opening commitments from advanced developing economies, there is little prospect for achieving robust trade liberalization for industrial goods on a multilateral basis.

[1] WTO, International Trade Statistics 2015.
[2] WTO document WT/COMTD/W/143/Rev.5.

### Major Issues in 2015

There were a number of informal meetings of the Negotiating Group on Market Access in 2015 but no new substantive discussions occurred related to either the tariff or nontariff elements of the NAMA negotiations.

### Prospects for 2016

In 2016, the United States intends to work with other WTO Members to pursue fresh and credible approaches to meaningful multilateral trade liberalization.

## 4. Negotiating Group on Rules

At the Doha Ministerial Conference in 2001, Ministers agreed to negotiations aimed at clarifying and improving disciplines under the Agreement on Implementation of Article VI of the GATT 1994 (the Antidumping Agreement) and the Agreement on Subsidies and Countervailing Measures (the SCM Agreement), while preserving the basic concepts, principles, and effectiveness of these Agreements and their instruments and objectives. Ministers directed that the negotiations take into account the needs of developing and least developed country Members. The Doha Round mandate also calls for clarified and improved WTO disciplines on fisheries subsidies.

The Negotiating Group on Rules (the Rules Group) has based its work primarily on written submissions from Members, organizing its work in the following categories: (1) the antidumping remedy, often including procedural and domestic industry injury issues potentially applicable to the countervailing duty remedy; (2) subsidies and the countervailing duty remedy, including fisheries subsidies; and (3) regional trade agreements (RTAs). Incremental progress has been made on these issues in recent years, and Members have considered draft texts for antidumping, subsidies, including disciplines on fisheries subsidies, and countervailing measures, yet no consensus has been reached to date.

The Doha Declaration also directed the Rules Group to clarify and improve disciplines and procedures governing RTAs under the existing WTO provisions. To that end, the General Council in December 2006 adopted a decision for the provisional application of the "Transparency Mechanism for Regional Trade Agreements" to improve the transparency of RTAs. A total of 209 RTAs have been considered under the Transparency Mechanism since then. Pursuant to its mandate, in the past, the Rules Group has explored the establishment of further standards governing the relationship of RTAs to the global trading system. However, such discussions have failed to produce common ground on how to clarify or improve existing RTA rules.

### Major Issues in 2015

The Rules Group met informally in February, April, May, June, July, October, November, and December 2015. During the February – June meetings, Members were provided with opportunities to discuss how Rules Group issues would be involved in the Post-Bali Work Programme (PBWP) due in July. In these meetings, there were also several transparency reports on the consultations conducted by the Chair with individual delegations. The Chair reported that while delegations expressed diverging views on whether and to what extent the various Rules Group issues should be included in the PBWP, the prevailing view was that a serious discussion on the role of the Rules Group would not be possible until the general approach and level of ambition on the core issues (*i.e.*, agriculture, NAMA, and services) was defined. In the end, Members could not reach consensus by the July deadline for the PBWP. During the July - December meetings, the Chair called the Members together for their views on several papers submitted by: the Friends of Anti-Dumping Negotiations (FANs); Australia; the African, Caribbean, and Pacific Countries (ACP);

the European Union (EU); Russia; Japan; New Zealand (with co-sponsors); and Peru. While numerous Members expressed their opinions on the proposals put forth and other possible options, no agreement was reached on a Rules Group outcome for MC-10. The United States joined 27 other Members in issuing a Joint Ministerial Statement on Fisheries Subsidies in Nairobi that expressed support for reinvigorating work in the WTO to strengthen disciplines on fisheries subsidies and enhance their transparency.

**Prospects for 2016**

In 2016, the United States will continue to focus on preserving the effectiveness of trade remedy rules, improving transparency and due process in trade remedy proceedings, and strengthening existing subsidies rules. The United States will continue to seek stronger disciplines and greater transparency in the WTO with respect to fisheries subsidies. The United States will also pursue disciplines on fisheries subsidies in other negotiations and fora such as the Transatlantic Trade and Investment Partnership negotiations, building on the result of the Trans-Pacific Partnership negotiations.

On RTAs, the United States will continue to advocate for increased transparency and strong substantive standards for RTAs that support and advance the multilateral trading system. The Transparency Mechanism[3] will continue to be applied in the consideration of additional RTAs.

## 5. Preparatory Committee on Trade Facilitation

**Status**

In 2013, a major U.S. Doha Round priority was met when Members concluded negotiations on the WTO TFA on December 6 at the Ninth WTO Ministerial Conference. This agreement establishes transparent and predictable multilateral trade rules under the WTO that will reduce opaque border procedures and unwarranted delays of at the border that can add costs that are the equivalent of significant tariffs and are the types of nontariff barriers that U.S and other exporters most frequently cite.

Members established a Preparatory Committee on Trade Facilitation (PCTF) at the Ninth Ministerial Conference. The PCTF subsumed the Negotiating Group on Trade Facilitation and was established to conduct the legal review of the TFA, accept Category A notifications from developing country Members (that is, commitments that will be implemented without a transition period), and draft a Protocol to amend the WTO Agreement to insert the TFA into Annex 1A of the Marrakesh Agreement Establishing the World Trade Organization (WTO Agreement). Inserting the TFA into Annex 1A of the WTO Agreement allows it to enter into force once two-thirds of WTO Members notify the WTO of their acceptance. The PCTF

[3] At the end of 2006, the General Council established, on a provisional basis, a new transparency mechanism (TM) for all regional trade agreements (WT/L/671), which was agreed upon in the Negotiating Group on Rules and implemented in 2007. In December 2010, the Rules Group initiated a review of the operation of the RTA TM, and the Chair invited Members to submit any proposals to modify the TM in light of the experience gained under its operation. While the TM has on the whole significantly improved transparency with respect to RTAs, some of its operational aspects could be improved. Most notably, while there is no doubt that the TM applies to all RTAs – whether negotiated under GATT 1994, the GATS, or the GATT Enabling Clause – practical questions of the venue of consideration have arisen when parties to an agreement differ among themselves in their view of the relevant WTO provision for concluding a particular preferential agreement. While such underlying differences go beyond the scope of the review of the TM, the United States in January 2011 submitted a proposal to help ensure the consideration of RTAs that have been "dually notified" under such circumstances, so as to eliminate, or at least reduce, disagreement and procedural challenges in a way that is without prejudice to any underlying rights. The U.S. submission (TN/RL/W/248, dated January 24, 2011) proposes a specific solution, in the form of a proposed change to paragraph 18 of the TM, to consolidate the consideration of all RTAs in a single committee, the Committee on Regional Trade Agreements.

completed the legal review in July 2014, and Members reached agreement on the Protocol text which they adopted on 27 November 2014. In 2015, the PCTF reviewed Members' efforts to notify their acceptance and implement the TFA.

For many Members, the TFA will bring improved transparency and an enhanced rules-based approach to border regimes, and will be an important element of broader ongoing domestic strategies to increase economic output and attract greater investment. There is also a growing understanding that the TFA will address squarely factors holding back increased regional integration and south-south trade. Implementation of the TFA also will bring particular benefits to small and medium-sized businesses, enabling them to increase participation in the global trading system.

**Major Issues in 2015**

In 2015, the PCTF met primarily to receive developing country Members' notifications of Category A commitments, as well as review progress made and Members' experiences with acceptances of the Protocol. The PCTF met in March, June, and October of 2015. During these meetings, a number of Members reported on their experiences in carrying out domestic reforms needed to meet the commitments under the TFA, their efforts to secure ratification of the agreement, and challenges they faced. The discussions revealed that Members actively are undertaking steps to complete their respective domestic acceptance processes, thereby enabling them to notify their acceptance of the TFA Protocol. Many developing country Members recognize that they and their exporters have an interest in seeking implementation by their neighbors of the TFA commitments.

The United States submitted its letter of acceptance to the WTO on January 23, 2015. As of December 31, 2015, 63 WTO Members had notified their acceptance of the TFA. In addition to the United States, acceptances have been submitted by: Australia, Belize, Botswana, Brunei, China, Cote d'Ivoire, EU (on behalf of its 28 Member States), Grenada, Guyana, Hong Kong China, Japan, Kenya, Korea, Lao PDR, Liechtenstein, Malaysia, Mauritius, Burma (Myanmar), New Zealand, Nicaragua, Niger, Norway, Pakistan, Panama, Saint Lucia, Singapore, Switzerland, Chinese Taipei, The former Yugoslav Republic of Macedonia, Togo, Thailand, Trinidad and Tobago, Ukraine, Vietnam, and Zambia.

Substantial capacity building assistance is provided for trade facilitation. As part of this, over the course of the negotiations and since the Bali Ministerial, the WTO and multilateral and bilateral assistance organizations like the U.S. Agency for International Development (USAID) have undertaken training programs with developing country Members to help them assess their individual situations regarding capacity and make progress in implementing the provisions of the TFA. Further, to meet its commitment to help developing countries and LDCs implement the TFA, the United States, along with four other donors, announced the launch of the Global Alliance for Trade Facilitation (GATF) during the 2015 WTO Ministerial Conference in Kenya. The GATF is a new multi-donor model of assistance that partners with the private sector to support rapid and full implementation of the TFA. In addition to support provided by the United States, Australia, Canada, Germany and the United Kingdom, the partnership is supported by a Secretariat created by the World Economic Forum, the International Chamber of Commerce, and the Center for International Private Enterprise, and by private sector representatives and others who are contributing their expertise and resources for this noteworthy mission.

**Prospects for 2016**

In 2016, WTO Members will continue to undertake necessary steps to complete their respective domestic acceptance processes, thereby enabling them to accept the TFA Protocol. The PCTF will continue to accept Category A notifications and convene for Members to share experiences in implementation of the TFA.

The United States, along with other Members, will work to support entry into force of the TFA in 2016, in order to maintain the momentum and focus on full implementation of the agreement.

There will also be a focus on ensuring that developing country Members seeking to obtain technical assistance to implement fully provisions of the TFA are matched with donors and that technical assistance projects are prioritized and funded. Donors, including the United States, remain eager to partner with developing countries that are committed to implementation of the TFA.

## 6. Committee on Trade and Environment Special Session

**Status**

Following the 2001 WTO Ministerial Conference at Doha, the TNC established a Special Session of the Committee on Trade and Environment (CTESS) to implement the mandate in paragraph 31 of the Doha Declaration. Paragraph 31 of the Doha Declaration includes a mandate to pursue negotiations, without prejudging their outcome, in three areas:

i. the relationship between existing WTO rules and specific trade obligations set out in Multilateral Environmental Agreements (MEAs) (with the negotiations limited to the applicability of existing WTO rules among parties to such MEAs and without prejudice to the WTO rights of Members that are not parties to the MEAs in question);

ii. procedures for regular information exchange between MEA secretariats and relevant WTO committees, and the criteria for granting observer status; and

iii. the reduction or, as appropriate, elimination of tariff and non-tariff barriers to trade in environmental goods and services.

**Major Issues in 2015**

An information session was held in March 2015 to recall for delegations the various elements of the negotiations and the state-of-play. The CTESS met again in November 2015 to approve the new CTESS Chairperson and to provide an opportunity for the new Chairperson to hear delegations' views on the negotiations, which had not changed.

**Prospects for 2016**

The United States remains fully committed to a positive WTO trade and environment agenda; however, given the deep substantive divergences that have proven difficult to resolve in the CTESS, the United States has sought additional ways to make progress on trade and environment issues. For example, in 2015, the United States, together with 16 other WTO Members, engaged in plurilateral negotiations on an Environmental Goods Agreement (EGA), which will build on the results achieved in APEC on environmental goods liberalization (*see Chapters III.B.3 and IV.A.*). The EGA was launched in 2014 by 14 WTO Members. Today, there are 17 EGA participants.

## 7. Dispute Settlement Body Special Session

**Status**

Following the Doha Ministerial Conference in 2001, the TNC established the Special Session of the Dispute Settlement Body (DSB-SS) to fulfill the Ministerial mandate found in paragraph 30 of the Doha Declaration which provides: "We agree to negotiations on improvements and clarifications of the Dispute Settlement Understanding. The negotiations should be based on the work done thus far, as well as any additional proposals by Members, and aim to agree on improvements and clarifications not later than May 2003, at which time we will take steps to ensure that the results enter into force as soon as possible thereafter." In July 2003, the General Council decided that: (1) the timeframe for conclusion of the negotiations on clarifications and improvements of the Understanding on Rules and Procedures Governing the Settlement of Disputes (DSU) be extended by one year (*i.e.*, to aim to conclude the work by May 2004 at the latest); (2) this continued work will build on the work done to date, and take into account proposals put forward by Members as well as the text put forward by the Chair of the DSB-SS; and (3) the first meeting of the DSB-SS when it resumed its work be devoted to a discussion of conceptual ideas. Due to complexities in negotiations, deadlines were not met. In August 2004, the General Council decided that Members should continue work toward clarification and improvement of the DSU, without establishing a deadline, and these negotiations have continued since.

**Major Issues in 2015**

The DSB-SS met three times during 2015. In previous phases of the review of the DSU, Members had engaged in a general discussion of the issues. Following that general discussion, Members tabled proposals to clarify or improve the DSU. Members then reviewed each proposal submitted and requested explanations and posed questions to the Member(s) making the proposal. Members also had an opportunity to discuss each issue raised by the various proposals. The Chair of the review issued a Chair's text in July 2008 "to take stock of" the work to date and to provide a basis for its continuation. In 2015, delegations continued to engage on the basis of the comments received in the previous phase, seeking to advance the work on their proposals.

The United States has advocated two proposals, both of which are reflected in the Chair's text. One would expand transparency and public access to dispute settlement proceedings. The proposal would open WTO dispute settlement proceedings to the public as the norm and give greater public access to submissions and panel reports. In addition to open hearings, public submissions and early public release of panel reports, the U.S. proposal calls on WTO Members to consider rules for "*amicus curiae*" submissions – submissions by nonparties to a dispute. WTO rules currently allow such submissions but do not provide guidelines on how they are to be considered. Guidelines would provide a clearer roadmap for handling such submissions.

In addition, the United States and Chile submitted a proposal to help improve the effectiveness of the WTO dispute settlement system in resolving trade disputes among Members. The joint proposal contained specifications aimed at giving parties to a dispute more control over the process and greater flexibility to settle disputes. Under the present dispute settlement system, parties are encouraged to resolve their disputes, but do not always have all the tools with which to do so. As part of this proposal, the United States has also proposed guidance for WTO Members to provide to WTO adjudicative bodies in particular areas where important questions have arisen in the course of various disputes.

**Prospects for 2016**

In 2016, Members will continue to work to complete the review of the DSU. Members will be meeting a number of times over the course of 2016.

## 8. Council for Trade-Related Aspects of Intellectual Property Rights Special Session

**Status**

The Council for Trade-Related Aspects of Intellectual Property Rights (TRIPS Council), Special Session met briefly two times in 2015 in order for the Chairman of the Special Session to provide an update to the Membership on the results of Chair-led consultations with individual Members. The status had not changed since the previous year's reporting: there was no consensus among Members to continue engaging in this negotiation until progress was first made in other areas.

**Major Issues in 2015**

In 2015, the United States and a group of other Members continued to maintain their common position that the establishment of a multilateral system for notification and registration of geographical indications for wines and spirits must: be voluntary; have no legal effects for non-participating members; be simple and transparent; respect different systems of protection of GIs; respect the principle of territoriality; preserve the balance of the Uruguay Round; and, consistent with the mandate, be limited to the protection of wines and spirits. The United States and this group of Members (the Joint Proposal group) continued to maintain that the mandate of the TRIPS Council Special Session is clearly limited to the establishment of a system of notification and registration of GIs for wines and spirits and that discussions cannot move forward on any other basis. The United States, together with Argentina, Australia, Canada, Chile, Costa Rica, the Dominican Republic, Ecuador, El Salvador, Guatemala, Honduras, Israel, Japan, Korea, Mexico, New Zealand, Nicaragua, Paraguay, South Africa, and the Separate Customs Territory of Taiwan, Penghu, Kinmen, and Matsu support the Joint Proposal under which Members would voluntarily notify the WTO of their GIs for wines and spirits for incorporation into a registration system. During 2011, Israel formally became a cosponsor of the Joint Proposal.

The EU, together with a number of other Members, continued to support their alternative proposal for a binding, multilateral system for the notification and registration of GIs for all products, not only wines and spirits, which all Members would be required to use. The effect of this proposal would be to expand the scope of the negotiations to all GI products and to propose that any GI notified to the EU's proposed register would benefit from a presumption of eligibility for protection as a GI in other WTO Members. Although a third proposal, from Hong Kong, China remains on the table, this proposal has received little support.

**Prospects for 2016**

If discussions resume, in light of the failure on Nairobi on reaffirm the DDA, Members will discuss whether negotiations are limited to GIs for wines and spirits (the position of the Joint Proposal proponents, based on the unambiguous text of Article 23.4 of the TRIPS Agreement) or whether these negotiations should be extended to cover GIs for goods other than wines and spirits (the position of the EU and certain other WTO members). The United States will continue to aggressively oppose expanding negotiations, will continue to pursue additional support for the Joint Proposal in the coming year, and will seek a more flexible and pragmatic approach from supporters of the EU proposal.

## 9. Committee on Trade and Development Special Session

The Special Session of the Committee on Trade and Development (CTD-SS) was established by the TNC in February 2002, to fulfill the Doha Round mandate to review all WTO special and differential (S&D) provisions "with a view to strengthening them and making them more precise, effective, and operational." Under existing S&D provisions, Members provide developing country Members with technical assistance and transitional arrangements toward implementation of WTO agreements. S&D provisions also enable Members to provide developing country Members with better-than-MFN access to markets.

As part of the S&D review, developing country Members submitted a total of 88 Agreement-Specific Proposals (ASPs) as part of the S&D review. Thirty-eight of these proposals were referred to other negotiating groups and WTO bodies for consideration (Category II proposals). Of the proposals remaining for consideration in the CTD-SS, Members reached an "in principle" agreement on draft decisions for 28 proposals at the 2003 Cancun Ministerial Conference (Cancun 28) following intensive negotiations. While these proposals were supposed to be a part of a larger package of agreements, they were never adopted due to the breakdown of the DDA negotiations.

At the 2005 Hong Kong Ministerial Conference, Members reached agreement on five ASPs: access to WTO waivers; coherence; duty-free and quota-free treatment (DFQF) for LDC Members; Trade-Related Investment Measures (TRIMS); and flexibility for LDC Members that have difficulty implementing their WTO obligations. The decisions on these proposals are contained in Annex F of the Hong Kong Ministerial Declaration.

Ministers at Hong Kong instructed the CTD-SS to expeditiously complete the review of the outstanding ASPs and report to the General Council, with clear recommendations for a decision. With respect to the 38 Category II proposals, Ministers instructed the CTD-SS to continue to coordinate its efforts with relevant bodies to ensure that work was concluded and recommendations for a decision made to the General Council. Ministers also mandated the CTD-SS to resume work on all outstanding issues, including a proposal submitted in 2002 by the African Group to negotiate a Monitoring Mechanism ("the Mechanism") for effective monitoring of S&D provisions.

Following the Hong Kong Ministerial, the CTD-SS conducted a thorough "accounting" of the remaining ASPs. Though the number of proposals had been reduced considerably since their introduction, divergences among Members' positions on the remaining proposals were quite wide. The Chair of the CTD-SS worked closely with the Chairs of the other negotiating groups and committees to which the proposals had been referred due to their technical complexity. The Chairs reported that there had been very little development on these proposals. However, some of the Chairs of the negotiating bodies indicated that a number of the issues raised in the proposals form an integral part of the ongoing negotiations. In addition, there are a number of bodies in which discussions on the proposals are continuing on the basis of revised language tabled by the proponents.

At the Eighth Ministerial Conference in December 2011, Ministers agreed to expedite work to finalize the Monitoring Mechanism and to take stock of the Cancun 28 proposals. Members reached agreement on the establishment of the Monitoring Mechanism, and adopted the corresponding text at the Ninth Ministerial in December 2013. As a result, regular meetings of the newly-established Monitoring Mechanisms now take place in dedicated sessions of the Committee on Trade and Development. By contrast, Members have not reached convergence on the Cancun 28 or other ASPs despite intensive engagement at times, including in 2013 and more recently in 2015 at MC10 in Nairobi.

**Major Issues in 2015**

The CTD-SS met infrequently during the first half of 2015, as Members considered how to best move forward with the ASPs.

In September 2015, the G90 submitted new textual proposals on 25 S&D provisions. The CTD-SS carried out intensive work on these proposals in both formal and informal meetings over the fall, and Members expressed concerns about these proposals. The discussion was moved into small group meetings in the hope that text-based negotiations would contribute to a better understanding of the underlying concerns flagged in the proposals, and this led to the G90 tabling a revised list of 16 of the proposals in the lead up to MC 10 in Nairobi. Despite intense engagement, however, Members were not able to reach convergence on the revised proposals.

One of the major sticking point in reaching agreement was ultimately the scope of the beneficiaries of the proposals, and whether proposals should be applicable to all developing countries, or if there should be a more limited application. The Chair noted in her final report that in order to be able to find common ground, all delegations should start seriously thinking of creative solutions that minimize concerns and find alternative ways of solving the problems highlighted in the proposals.

**Prospects for 2016**

The United States stands ready to continuing such discussions in the Committee on Trade and Development's Monitoring Mechanism. The Mechanism, which was mandated to cover all special and differential provisions contained in all multilateral WTO agreements and Ministerial and General Council Decisions, presents the ideal forum to take up Members' S&D concerns. Further, the Mechanism is not precluded from making recommendations to relevant WTO bodies, including recommendations that propose the initiation of negotiations aimed at improving the S&D provision.

# C. Work Programs Established in the Doha Development Agenda

## 1. Working Group on Trade, Debt, and Finance

**Status**

Ministers at the 2001 Doha Ministerial Conference established the mandate for the Working Group on Trade, Debt, and Finance (WGTDF). Ministers instructed the WGTDF to examine the relationship between trade, debt, and finance and to examine and make recommendations on possible steps, within the mandate and competence of the WTO, to enhance the capacity of the multilateral trading system to contribute to a durable solution to the problem of external indebtedness of developing and least-developed country Members. Ministers further instructed the WGTDF to consider possible steps to strengthen the coherence of international trade and financial policies, with a view to safeguarding the multilateral trading system from the effects of financial and monetary instability.

**Major Issues in 2015**

The WGTDF met twice in 2015, on March 26-27 and September 29.

The meeting on March 26-27, 2015, was held in a seminar format to examine challenges faced by developing countries in accessing trade finance after the financial crisis. A Secretariat Note had been revised to incorporate the outcome of new surveys completed by the African Development Bank (AfDB)

and the Asian Development Bank (ADB). The seminar featured speakers from Members' governments, the private sector, and international institutions. It was held back-to-back with the meeting of the Director-General's Expert Group on Trade Finance. During the seminar, participants highlighted a number of key points, and some suggested that the WTO and its Director-General should pay greater attention to trade financing gaps.

At the meeting on September 29, 2015, the WGTDF examined a factual Note by the Secretariat on the invocation of Article II:6 of the GATT 1994. While a range of views was expressed on the use of this provision, including on its use in a more complex global economic environment, some Members expressed interest in pursuing the discussion on exchange rates and trade, including the impact of exchange rate misalignments on tariffs, within the terms of the Working Group's mandate. At this meeting, the Secretariat also provided a short update of recent developments on trade finance work following the March seminar. Members confirmed the usefulness of the seminar and provided clear support to the continuation of the work of the Working Group. The Working Group noted that the Director-General intends to announce new initiatives relating to trade, debt, and finance and will report on these initiatives when more information is made available.

On October 16, 2015, the Working Group adopted its annual report for submission to the General Council.

**Prospects for 2016**

Looking forward, taking into account that WTO Members did not reaffirm DDA mandates at MC10 in Nairobi, WGTDF Members expect to continue to examine the relationship between trade, debt and finance, and steps that might be taken within the WTO framework to enhance the capacity of the system to contribute to a durable solution to the problem of external indebtedness of developing and least-developed countries. Members will also seek to strengthen the coherence of international trade and financial policies, with a view to safeguarding the multilateral trading system from the effects of financial and monetary instability. Among the specific items that Members will likely discuss further include exchange rates and trade and trade finance.

## 2. Working Group on Trade and Transfer of Technology

**Status**

During the 2001 Doha Ministerial Conference, WTO Ministers agreed to an “examination . . . of the relationship between trade and transfer of technology, and of any possible recommendations on steps that might be taken within the mandate of the WTO to increase flows of technology to developing countries.” To fulfill that mandate, the TNC established the Working Group on Trade and Transfer of Technology (WGTTT), under the auspices of the General Council, and tasked the WGTTT to report on its progress to the 2003 Ministerial Conference at Cancun. At that meeting, Ministers extended the time period for the WGTTT’s examination. WTO Ministers further continued this work during the 2005 Hong Kong Ministerial Conference. During the 2013 Ministerial Conference in Bali, WTO Ministers noted that the working group “has covered a number of issues and has helped to enhance Members' understanding of the complex issues that encompass the nexus between trade and transfer of technology.” However, they also observed that more work remains to be done, and directed “that the Working Group should continue its work in order to fully achieve the mandate of the Doha Ministerial Declaration.”

**Major Issues in 2015**

During 2015, WTO Members continued their consideration of the relationship between trade and transfer of technology on the basis of submissions by WTO Members and presentations by intergovernmental organizations. Discussion focused on the Secretariat's presentation on a November 2012 WTO Workshop on "Environmental Technology Dissemination; Challenges and Opportunities related to Environmental Technology Dissemination." The discussion underscored the complex technology transfer process and its relationship to trade.

**Prospects for 2016**

No WGTTT meetings have been scheduled yet for 2016, and the status and future focus of the working group is not clear at this time, taking into account that WTO Members did not reaffirm DDA mandates at MC10 in Nairobi.

## 3. Work Program on Electronic Commerce

**Status**

Pursuant to the 2005 Hong Kong Ministerial Declaration, Members continue to work on ways to advance the Work Program on Electronic Commerce. At the 2015 Tenth Ministerial Conference in Nairobi, Ministers agreed to extend once again, until the next Ministerial Conference, the current practice of not imposing customs duties on electronic transmissions. In addition, they agreed to continue the Work Program.

**Major Issues in 2015**

WTO Members continued discussion on topics in the United States paper on Electronic Commerce submitted to CTS in 2014, including cross-border information flows and localization requirements.

**Prospects for 2016**

The United States will continue to work with other Members to maintain a liberal trade environment for electronically-traded goods and services, seeking to ensure that trade rules remain relevant to electronic commerce. As in the past, the General Council will assess the Work Program's progress and consider any recommendations, including the status of the customs duties moratorium on electronic transmissions.

# D. General Council Activities

The WTO General Council is the highest level decision-making body in the WTO that meets on a regular basis during the year. It exercises all of the authority of the Ministerial Conference, which is required to meet no less than once every two years.

Only the Ministerial Conference and the General Council have the authority to adopt authoritative interpretations of the WTO Agreements, submit amendments to the WTO Agreement for consideration by Members, and grant waivers of obligations. The General Council or the Ministerial Conference must approve the terms for all accessions to the WTO. Technically, both the Dispute Settlement Body (DSB) and the Trade Policy Review Body (TPRB) are General Council meetings that are convened for the purpose of discharging the responsibilities of the DSB and TPRB, respectively.

Four major bodies report directly to the General Council: the Council for Trade in Goods, the Council for Trade in Services, the Council for Trade-Related Aspects of Intellectual Property Rights, and the Trade Negotiations Committee. In addition, the Committee on Trade and Environment, the Committee on Trade and Development, the Committee on Balance of Payments Restrictions, the Committee on Budget, Finance and Administration, and the Committee on Regional Trade Agreements report directly to the General Council. The Working Groups established at the First Ministerial Conference in Singapore in 1996 to examine investment, trade and competition policy, and transparency in government procurement also report directly to the General Council, although these groups have been inactive since the Cancun Ministerial Conference in 2003. A number of subsidiary bodies report to the General Council through the Council for Trade in Goods or the Council for Trade in Services. The Doha Ministerial Declaration approved a number of new work programs and working groups with mandates to report to the General Council, such as the Working Group on Trade, Debt, and Finance and the Working Group on Trade and Transfer of Technology. These mandates are part of the DDA set out in the Doha Ministerial Declaration, and this report reviews these groups' work in subsections of Section C.

The General Council uses both formal and informal processes to conduct the business of the WTO. Informal groupings, which generally include the United States, play an important role in consensus-building. Throughout 2015, the Chairman of the General Council, together with the WTO Director General, conducted informal consultations with large groupings comprising the Heads of Delegation of the entire WTO Membership and as well as a wide variety of smaller groupings of WTO Members at various levels. The Chairman and Director General convened these consultations with a view to resolving outstanding issues on the General Council's agenda.

**Major Issues in 2015**

Activities of the General Council in 2015 included:

*Implementation of the Bali Outcomes:* The General Council discussed the status of implementation in each area agreed at the Ninth WTO Ministerial in Bali in December 2013. This primarily included an effort to agree to a post-Bali work program for the Doha Round. The General Council abandoned this effort in July 2015 after a second missed deadline, and when it became clear that a consensus agreement would not be possible.

*Preparation for the MC10:* In the fall of 2015, the major focus of the General Council was to prepare for MC10 in Nairobi, which took place December 15-19, 2015. This included both practical considerations, as well as extensive discussions on the possible negotiated outcomes for MC10.

*Work under the Doha Work Program*: Under the auspices of the DDA, the General Council continued its discussions related to small economies, LDCs, Aid for Trade, and the development assistance aspects of cotton and e-commerce.

*WTO Accessions:* Kazakhstan was invited by the Membership to become the 162nd Member of the WTO at a General Council meeting in July 2015. Afghanistan and Liberia were invited to become the 163rd and 164th Members of the WTO at MC 10 in December 2015.

*Waivers of Obligations:* The General Council adopted three decisions concerning the introduction of Harmonized System 2002, 2007, and 2012 nomenclature changes into WTO schedules of tariff concessions as well as waivers related to the Caribbean Basin Economic Recovery Act, the African Growth Opportunity Act, Canada's preferences with the Caribbean and LDC obligations under Article 70.8 and 70.9 of the TRIPS Agreement. The General Council also reviewed a number of previously agreed waivers, including

the U.S. waiver related to the Former Territory of the Pacific Islands and Annex II of this report contains a detailed list of Article IX waivers currently in force.

**Prospects for 2016**

In addition to its management of the WTO and oversight of implementation of the WTO Agreement, the General Council will have detailed discussions throughout the year to implement the decisions taken at MC 10 in Nairobi.

# E. Council for Trade in Goods

**Status**

The WTO Council for Trade in Goods (CTG) oversees the activities of 12 committees (Agriculture, Antidumping Practices, Customs Valuation, Import Licensing, Information Technology, Market Access, Rules of Origin, Safeguards, Sanitary and Phytosanitary Measures, Subsidies and Countervailing Measures, Technical Barriers to Trade, and Trade-Related Investment Measures) and the Working Party on State Trading Enterprises.

The CTG is the central oversight body in the WTO for all agreements related to trade in goods and the forum for discussing issues and decisions that may ultimately require the attention of the General Council for resolution or a higher-level discussion, and for putting issues in a broader context of the rules and disciplines that apply to trade in goods. For example, the CTG considers the use of the waiver provisions under Article IX of the Marrakesh Agreement and in 2015 gave initial approval to waivers for trade preferences, including those that the United States granted to the Africa Growth and Opportunity Act countries.

**Major Issues in 2015**

In 2015 the CTG held three formal meetings, in March, June, and November. The CTG devoted its attention primarily to providing formal approval of decisions and recommendations proposed by its subsidiary bodies. The CTG also served as a forum for raising concerns regarding actions that individual Members had taken with respect to the operation of goods-related WTO agreements. In 2015, this included extensive discussions initiated by the United States and other WTO Members on Indonesia's policies restricting imports and exports; Russia's trade restricting measures; Nigeria's import restrictions, bans, and local content requirements; Ecuador's measures restricting imports; Pakistan's discriminatory taxes; and India's port closures with respect to apple imports, among other serious market access issues. In addition, three other major issues were discussed in the CTG in 2015:

*Waivers:* In light of the introduction of HS 2002, 2007, and 2012 changes to the Schedules of Tariff Concessions, the CTG approved three collective requests for extensions of waivers related to the implementation of the Harmonized Tariff System. The CTG forwarded these approvals to the General Council for adoption. The CTG also considered and approved requests by the United States relating to the Caribbean Basin Economic Recovery Act (CBERA) and the Africa Growth and Opportunity Act (AGOA). The CTG considered, but did not approve, a waiver request from Jordan relating to export subsidies.

*EU Enlargement*: In accordance with procedures under Article XXVIII:3 of the GATT 1994, the CTG considered and approved the EU's requests to extend the time period for the withdrawal of concessions regarding the 2013 enlargement to include Croatia.

*EAEU Enlargement*: In accordance with procedures under Article XXVIII:3 of the GATT 1994, the CTG considered and approved Armenia and the Kyrgyz Republic's requests to extend the time period for the withdrawal of concessions regarding their respective accessions to the Eurasian Economic Union (EAEU).

**Prospects for 2016**

The CTG will continue to be the focal point for discussing agreements in the WTO dealing with trade in goods. Waiver requests and goods-specific market access concerns are likely to continue to be prominent issues on the CTG agenda.

# 1. Committee on Agriculture

**Status**

The WTO Committee on Agriculture oversees the implementation of the Agriculture Agreement and provides a forum for Members to consult on matters related to provisions of the Agreement. In many cases, the Agriculture Committee resolves problems of implementation, permitting Members to avoid invoking dispute settlement procedures. The Agriculture Committee also has responsibility for monitoring the possible negative effects of agricultural reform on least developed countries (LDC) and net food importing developing country (NFIDC) Members.

Since its inception, the Agriculture Committee has proven to be a vital instrument for the United States to monitor and enforce the agricultural trade commitments undertaken by Members in the Uruguay Round. Under the Agriculture Agreement, Members agreed to provide annual notifications of progress in meeting their commitments in agriculture, and the Agriculture Committee has met frequently to review the notifications and monitor activities of Members to ensure that trading partners honor their commitments.

**Major Issues in 2015**

The Agriculture Committee held three formal meetings, in March, June, and September 2015, to review progress on the implementation of commitments negotiated in the Uruguay Round. At the meetings, Members undertook reviews based on notifications by Members in the areas of market access, domestic support, export subsidies, export prohibitions and restrictions, and general matters relevant to the implementation of commitments.

In total, 124 notifications were subject to review during 2015. The United States participated actively in the review process and raised specific issues concerning the operation of Members' agricultural policies. For example, the United States regularly raised points with respect to domestic support in many Members, including Australia, Brazil, China, Costa Rica, the EU, India, Indonesia, Russia, and Thailand. The United States also encouraged countries, including China, India, and Turkey, to bring their domestic support notifications up to date. The United States used the review process to question Brazil's Program for Product Flow (PEP – *Prêmio para Escoamento do Produto)* and Program for Producer-paid Equalization Subsidy (PEPRO – *Prêmio de Equalização pago ao Produtor)* for rice, wheat, and corn; Costa Rica's rice support program; China's cotton reserves purchasing program; India's Food Subsidy Bill; and Turkey's wheat flour export policies under the Turkish Grain Board. In addition, the United States used the review process to seek information regarding poultry import restrictions in Ghana and Angola as well as India's National Agricultural Insurance Scheme, landholding laws and export assistance programs. The United States raised questions with respect to the administration of tariff-rate quotas by the Dominican Republic and Honduras, and tariff-rate-quota fill issues with China and Switzerland.

During 2015, the Agriculture Committee addressed a number of other issues related to the implementation of the Agriculture Agreement, such as: (1) convening the second annual dedicated discussion on export competition, as follow-up to the Bali Ministerial outcomes; and (2) exchanging views on approaches to strengthening Committee work relating to transparency.

**Prospects for 2016**

The United States will continue to make full use of the Agriculture Committee to ensure transparency through timely notification by Members and to enhance surveillance of Uruguay Round commitments as they relate to export subsidies, market access, domestic support, and trade-distorting practices of WTO Members. The United States will also work with other Members as the Agriculture Committee continues to implement Bali Ministerial decisions and begins implementation of new DDA provisions on export competition agreed at MC 10 in Nairobi in December 2015. In addition, the United States will continue to work closely with the Agriculture Committee Chair and Secretariat to find ways to improve the timeliness and completeness of notifications and to increase the effectiveness of the Committee overall.

The Agriculture Committee will continue to monitor and analyze the impact of Measures Concerning the Possible Negative Effects of the Reform Program on LDCs and NFIDCs in accordance with the Agriculture Agreement. The Committee agreed to hold regular meetings in March, June, September, and November of 2016.

## 2. Committee on Market Access

**Status**

In January 1995, WTO Members established the Committee on Market Access (MA Committee), which is responsible for the implementation of concessions related to tariffs and non-tariff measures that are not explicitly covered by another WTO body, as well as for verification of new concessions on market access in the goods area. The Committee reports to the WTO Council on Trade in Goods.

**Major Issues in 2015**

The MA Committee held two formal meetings in June and September 2015, and four informal sessions or consultations, to discuss the following topics: (1) ongoing and future work on WTO Members' tariff schedules to reflect changes to the Harmonized System (HS) tariff nomenclature and any other tariff modifications; (2) the WTO Integrated Data Base (IDB) and Consolidated Tariff Schedules (CTS) database; (3) Member notifications of quantitative restrictions; and (4) other market access issues as raised by Members.

*Updates to the HS nomenclature*: The MA Committee examines issues related to the transposition and renegotiation of the schedules of Members that adopted the HS in the years following its introduction on January 1, 1988. Since then, the World Customs Organization has amended the HS tariff classification system relating to tariff nomenclature in 1996, 2002, 2007, and 2012. Using agreed examination procedures, WTO Members have the right to object to modifications in another Member's tariff schedule that result from changes in the HS nomenclature, if such modifications affect the Member's bound tariff commitments. Members may pursue unresolved objections under Article XXVIII of GATT 1994.

In 2015, the MA Committee continued its work concerning the introduction and verification of HS2002 changes to Members' WTO tariff schedules. Throughout the year, the United States worked closely with other Members and the WTO Secretariat to ensure that all Members' bound tariff commitments are properly

reflected in their updated schedule. To date, the HS2002 files for 123 Members – including the United States – have been certified, with only 7 files outstanding.

Multilateral review of tariff schedules under the HS2007 procedures continued at informal Committee meetings throughout 2015. The multilateral verification process in the Committee will be ongoing through 2016. The U.S. 2007 transposition file was circulated for multilateral review and approved by the Committee during the first half of 2015.

With respect to the HS2012 nomenclature changes, the General Council approved procedures (WT/L/831) in 2011 to introduce those changes to schedules of concessions using the CTS database. However, that work will not commence for some time in the Committee since it is in the midst of updating Members' bound commitments into HS2007 nomenclature. This lag can create difficulties in determining whether Members' MFN duties – which were applied in HS2012 nomenclature beginning January 1, 2012 – are consistent with their WTO bound commitments. The United States was the first WTO Member to submit its tariff schedule in HS2012 nomenclature to the WTO Secretariat in September 2012.

*Integrated Data Base (IDB)*: Members are required to notify information on annual tariffs and trade data, linked at the level of tariff lines, to the IDB as a result of a General Council Decision adopted in July 1997. On the tariff side, the IDB contains MFN current bound duties and MFN current applied duties. Additional information covering preferential duties is also included if provided by Members. On the trade side, it contains value and quantity data on imports by country of origin by tariff line. The WTO Secretariat periodically reports on the status of Member submissions to the IDB, the most recent of which can be found in WTO document G/MA/IDB/2/Rev.41 and 42. The United States notifies this data in a timely fashion every year. However, several Members are not up to date in their submissions. The public can access tariff and trade data notified to the IDB through the WTO's Tariff Online Analysis (TAO) facility at https://tariffanalysis.wto.org. The WTO Secretariat is also currently working to integrate into the IDB historical tariff and import information for 29 Members covering years 1988 to 1995.

*Consolidated Tariff Schedules (CTS) database:* The MA Committee continued work on implementing an electronic structure for tariff and trade data. The CTS database includes tariff bindings for each WTO Member that reflect its Uruguay Round tariff concessions, HS 1996 and 2002 amendments to tariff nomenclature and bindings, and any other Member rectifications/modifications to its WTO schedule (e.g., participation in the Information Technology Agreement). The database also includes agricultural support tables.

*Notification Procedures for Quantitative Restrictions (QRs):* On December 1, 1995, the Council for Trade in Goods adopted a revised Decision on Notification Procedures for Quantitative Restrictions. On 3 July 2012, the Council for Trade in Goods adopted a Decision on Notification Procedures for Quantitative Restrictions (G/L/59/Rev.1), which provides that WTO Members should make complete notifications of the quantitative restrictions (QRs), which they maintain at two-year intervals thereafter, and shall notify changes to their QRs when these changes occur.

Under the revised notification procedures for quantitative restrictions, the Committee continued to examine the quantitative restrictions notifications submitted by Members (G/MA/QR/3). Several Members have submitted notifications on QRs, including Hong Kong, Japan, Costa Rica, the EU, Turkey, Ukraine, Thailand, Korea, Australia, New Zealand, Macao China, and Canada. The United States mostly recently notified its quantitative restrictions for the 2014-2016 cycle.

*Other Market Access Issues:* The Committee also approved procedures for the derestriction of negotiating material of the Tokyo Round, conducted between 1973 and 1979, and some negotiating

material of the five earlier GATT rounds. The procedures are almost identical to those used by the WTO General Council to derestrict GATT 1947 restricted documents.

**Prospects for 2016**

The ongoing work program of the MA Committee, while highly technical, aims to ensure that all WTO Members' schedules of tariff commitments are up-to-date and available in electronic spreadsheet format. The Committee will continue to explore technical assistance needs related to data submissions, work to finalize Members' amended schedules based on the HS2002 amendments, continue work on the transposition of Members' tariff schedules to HS2007 nomenclature, and potentially begin work on 2012 schedules.

## 3. Committee on the Application of Sanitary and Phytosanitary Measures

**Status**

The Committee on the Application of Sanitary and Phytosanitary Measures (the SPS Committee) provides a forum for review of the implementation and administration of the Agreement on the Application of Sanitary and Phytosanitary Measures (the SPS Agreement), consultation on Members' existing and proposed SPS measures, technical assistance, other informational exchanges, and the participation of the international standard setting bodies recognized in the SPS Agreement. These international standard setting bodies are: for food safety, the Codex Alimentarius Commission (Codex); for animal health, the World Organization for Animal Health (OIE); and for plant health, the International Plant Protection Convention (IPPC).

The SPS Committee also discusses and provides guidelines on specific provisions of the SPS Agreement. These discussions provide an opportunity to develop procedures to assist Members in meeting specific SPS obligations. For example, the SPS Committee has issued procedures or guidelines regarding: notification of SPS measures; the "consistency" provisions under Article 5.5 of the SPS Agreement; equivalence; transparency regarding the provisions for S&D; and regionalization. Participation in the SPS Committee, which operates by consensus, is open to all WTO Members. Governments negotiating accession to the WTO may attend Committee meetings as observers. In addition, representatives from a number of international organizations attend Committee meetings as observers on an *ad hoc* meeting by meeting basis, including: the Food and Agriculture Organization (FAO); the World Health Organization (WHO); Codex; the IPPC; the OIE; the International Trade Center; the Inter-American Institute for Cooperation on Agriculture (IICA); and the World Bank.

**Major Issues in 2015**

In 2015, the SPS Committee held meetings in March, June, and October. In these meetings, Members exchanged views regarding the implementation of SPS Agreement provisions with respect to risk assessment, transparency, use of international standards, equivalence, and regionalization.

The United States views these exchanges as useful, as they facilitate a growing familiarity with the provisions of the SPS Agreement and increased recognition of the value of the SPS Committee as a forum for Members to discuss SPS-related trade issues. Many Members, including the United States, utilized these meetings to raise concerns regarding new and existing SPS measures of other Members. In 2015, the United States raised a number of concerns with existing or proposed measures of other Members, including proposed changes by China and the EU to their respective measures relating to approvals for "genetically modified organisms", France's Ban on Bisphenol A (BPA), Costa Rica's suspension on the issuance of

import certificates for avocados, and the EU's proposals to assess, classify and regulate chemicals classified as endocrine disruptors. Further, the United States, with a view to transparency, informed the SPS Committee of U.S. measures, both new and proposed. A special thematic discussion on risk communication was held on the margins of the July Committee meeting and a workshop on transparency was held on the margins of the October Committee meeting.

The Committee did not conclude work on its report of the SPS Committee's fourth review of the implementation of the SPS Agreement due to differences of views among Members on the role of the SPS Committee with respect to private and commercial standards. The United States remains quite concerned about whether private and commercial standards is an appropriate issue to which the SPS Committee should be devoting resources and continues to work with the Committee and other Members to address that concern.

*Notifications:* Because it is critical for trading partners to know and understand each other's laws and regulations, the SPS notification process, with the Committee's consistent encouragement, is becoming an increasingly important mechanism in the facilitation of international trade. The process also provides a means for Members to report on determinations of equivalence and S&D. The United States made 159 SPS notifications to the WTO Secretariat in 2015, and submitted comments on 122 SPS measures notified by other Members.

**Prospects for 2016**

The SPS Committee will hold three meetings in 2016 with informal sessions anticipated to be held in advance of each meeting. The Committee has a standing agenda for meetings that can be amended to accommodate new or special issues. The SPS Committee will continue to monitor Members' implementation activities, and the discussion of specific trade concerns will continue to be an important part of the Committee's activities.

In 2016, the United States anticipates that the SPS Committee will continue to provide a venue for Members to discuss specific trade concerns and to exchange information. The SPS Committee will also continue to monitor the use by Members, and development by Codex, the OIE, and the IPPC, of international standards, guidelines, and recommendations.

## 4. Committee on Trade-Related Investment Measures

**Status**

The Agreement on Trade-Related Investment Measures (the TRIMS Agreement), which entered into force with the establishment of the WTO in 1995, prohibits investment measures that are inconsistent with national treatment obligations under Article III:4 of the GATT 1994 and reinforces the prohibitions on quantitative restrictions set out in Article XI:1 of the GATT 1994. The TRIMS Agreement requires the elimination of certain measures imposing requirements on, or linking advantages to, certain actions of foreign investors, such as measures that require, or provide benefits for, the use of local inputs ("local content requirements") or measures that restrict a firm's imports to an amount related to the quantity of its exports or foreign exchange earnings ("trade balancing requirements"). The Agreement includes an illustrative list of measures that are inconsistent with Articles III:4 and XI:1 of the GATT 1994.

Developments relating to the TRIMS Agreement are monitored and discussed both in the Council for Trade in Goods and in the Committee on Trade-Related Investment Measures (TRIMS Committee). Since its establishment in 1995, the TRIMS Committee has been a forum for the United States and other Members

to address concerns, gather information, and raise questions about the maintenance, introduction, or modification of trade-related investment measures by Members.

**Major Issues in 2015**

The TRIMS Committee held two formal meetings during 2015, in April and October, during which the United States and other Members continued to discuss particular local content measures of concern to the United States. The United States explored these concerns through written questions to certain countries to seek a better understanding of a variety of potentially trade-distortive local content requirements.

Many local content measures before the Committee remain in place after several years. For example, the United States, joined by Japan and the EU, continued to raise questions about possible local content requirements in Indonesia's measures pertaining to mineral and coal mining and oil and gas exploration, noting that it had raised these concerns every year since 2009. The United States also asked Indonesia in this context about plans to restrict the export of unprocessed and unrefined mining products. The United States, the EU, Japan, and Canada also continued to press Nigeria to respond to questions from 2011 on possible local content requirements in measures pertaining to the oil and gas industry. The questions from the United States are contained in WTO document G/TRIMS/W/89. The United States also raised this issue at the Council for Trade in Goods, emphasizing in particular Nigeria's failure to respond to written questions. In addition, the United States, the EU, and Japan posed questions to Indonesia regarding potential TRIMS concerns in the telecommunications sector, an issue that has been raised in the Committee since 2009.

The United States also raised new measures during 2015. In particular, the United States raised questions about apparent local content requirements with respect to 4G LTE equipment in Indonesia. The United States and the EU also posed questions to Indonesia about its investment and trade laws, noting that certain vaguely worded provisions could be interpreted as a legal basis for new barriers to trade when the laws are fully implemented through regulations. The United States also posed questions to Russia on programs related to SOE purchases generally, and to SOE purchases of agricultural equipment specifically, in order to determine whether these programs are conditioned on use of local content.

During 2015, the United States continued to address questions from India on certain measures in the renewable energy sector taken by California, Michigan, and by public utilities in the cities of Austin, Texas and Los Angeles, California. In 2013, the United States responded to certain questions posed by India in this regard; the U.S. responses are contained in WTO document G/TRIMS/W/129/Rev.1.

**Prospects for 2016**

The United States will continue to engage other Members in efforts to promote compliance with the TRIMS Agreement.

## 5. Committee on Subsidies and Countervailing Measures

**Status**

The SCM Agreement provides rules and disciplines for the use of government subsidies and the application of remedies – through either WTO dispute settlement or countervailing duty action taken by individual WTO Members – to address subsidized trade that causes harmful commercial effects. Subsidies contingent upon export performance or the use of domestic over imported goods are prohibited. All other subsidies are permitted but are actionable (through countervailing duty or WTO dispute settlement actions) if they

are (i) "specific", *i.e.*, limited to a firm, industry, or group thereof within the territory of a WTO Member, and (ii) found to cause adverse trade effects, such as material injury to a domestic industry or serious prejudice to the trade interests of another Member.

**Major Issues in 2015**

The Committee on Subsidies and Countervailing Measures (the SCM Committee) held two regular meetings and two special meetings in 2015, in April and October. The SCM Committee continued to review the consistency of Members' domestic laws, regulations, and actions with the SCM Agreement's requirements, as well as Members' notifications of their subsidy programs to the SCM Committee. Other items addressed in the course of the year included: the three "counter notifications" by the United States of unreported subsidy programs in China and one counter notification of unreported subsidy programs in India; a submission by the United States of questions to China under Article 25.8 of the SCM Agreement; examination of ways to improve the timeliness and completeness of subsidy notifications; the "export competitiveness" of India's textile and apparel sector; review of the export subsidy program extension mechanism for certain small economy developing country Members; filling the opening on the five-member Permanent Group of Experts; and updating the eligibility threshold for developing countries to provide export subsidies under Annex VII(b) of the SCM Agreement. Further information on these various activities is provided below.

*Review and Discussion of Notifications*: Throughout the year, Members submitted notifications of: (1) new or amended countervailing duty legislation and regulations; (2) countervailing duty investigations initiated and decisions taken; and (3) Members' subsidy programs. Notifications of countervailing duty legislation and actions, as well as subsidy notifications, were reviewed and discussed by the SCM Committee at its April and October meetings.

In reviewing notified countervailing duty legislation and subsidies, SCM Committee procedures provide for the exchange in advance of written questions and answers in order to clarify the operation of the notified measures and their relationship to the obligations of the SCM Agreement. As of October 2015, 106 WTO Members (counting the EU as a single Member) have notified their countervailing duty legislation or lack thereof, and 28 Members have so far failed to make a legislative notification.[4] In 2015, the SCM Committee reviewed notifications of new or amended countervailing duty laws and regulations from Armenia, Australia, Bahrain, Brazil, Cameroon, Qatar, Saudi Arabia, and the United States. [5]

As for countervailing duty measures, 12 Members notified countervailing duty actions they took during the latter half of 2014, and 12 Members notified actions they took in the first half of 2015. The SCM Committee reviewed actions taken by: Australia, Brazil, Canada, China, Egypt, the EU, India, Mexico, Peru, Russia, Turkey, the United States, and Ukraine.

In 2015, the SCM Committee examined dozens of new and full subsidy notifications covering various time periods. Unfortunately, numerous Members have yet to make even an initial subsidy notification to the WTO, although many of them are least-developed country Members.

*Counter notifications:* Under Article 25.1 of the SCM Agreement, Members are obligated to regularly provide a subsidy notification to the SCM Committee. Prior to October 2011, China had only submitted a

[4] These notifications do not include notifications submitted by Bulgaria, Cyprus, the Czech Republic, Estonia, Hungary, Latvia, Lithuania, Malta, Poland, Romania, the Slovak Republic, and Slovenia before these Members acceded to the European Community.

[5] In keeping with WTO practice, the review of legislative provisions which pertain or apply to both antidumping and countervailing duty actions by a Member generally took place in the Antidumping Committee.

single subsidy notification, in 2006 (covering the years 2001 – 2004). India submitted a subsidies notification in 2010 – that only included three programs – after not providing any notification for 10 years. The United States and other Members have repeatedly expressed deep concern about the notification record of China and India (among others). During the 2010 fall meeting of the SCM Committee, the United States foreshadowed potential resort to the counter notification mechanism under Article 25.10 of the SCM Agreement. This provision states that when a Member fails to notify a subsidy, any other Member may bring the matter to the attention of the Member failing to notify.

Pursuant to Article 25.10, the United States filed counter notifications in October 2011 with respect to over 200 unreported subsidy measures in China and 50 unreported subsidy measures in India – the first counter notifications ever filed by the United States. Although not required by the SCM Agreement, included as part of the counter notification of China was access to translations of each measure in the counter notifications. While China submitted its second subsidy notification (covering 2005 – 2008) shortly after the U.S. counter notification, it covered very few of the subsidy programs referenced in the U.S. counter notification. In May 2012, India submitted a supplemental subsidy notification covering certain fishery programs, including programs at the sub-central level. However, none of the programs in the supplemental notification were those referenced by the U.S. counter notification of programs in India. At both meetings of the SCM Committee in 2015, the United States continued to press China and India to notify the outstanding programs identified in the U.S. 2011 counter notifications.

In the fall of 2014, the United States submitted its second counter notification of subsidy measures in China. This counter notification was based on the Article 25.8 questions submitted to China in October 2012. Because China did not respond to these questions after two years, the United States was compelled to counter notify the measures at issue. This counter notification included 110 subsidy measures, covering, *inter alia*, steel, semiconductors, non-ferrous metals, textiles, fish, and various sector-specific stimulus initiatives. As part of this counter notification, the United States provided hyperlinks in its submission to complete translations of each measure counter notified.

In the fall of 2015, the United States submitted its third counter notification of subsidy measures in China. All of the measures in this counter notification pertain to China's policy of promoting its "strategic, emerging industries" (SEI). This counter notification was based on the Article 25.8 questions submitted to China in the spring of 2014. Once again, because China did not respond to these questions, the United States was compelled to counter notify the measures at issue. Over 60 subsidy measures were included in the counter notification. The specific sectors China has selected as SEIs include the following: (1) new energy vehicles, (2) new materials (a category that includes textile products), (3) biotechnology, (4) high-end equipment manufacturing, (5) new energy, (6) next generation information technology, and (7) energy conservation and environmental protection. As with other industrial planning measures in China, sub-central governments appear to play an important role in implementing China's SEI policy. Shortly after the United States submitted its third counter notification, China submitted its third subsidy notification; however, many of the measures in the counter notifications of the United States were not notified.

Taking all three counter notifications into account, the United States has now counter notified over 360 Chinese subsidy measures.

*Submission of Article 25.8 questions*: Article 25.8 of the SCM Agreement provides: "Any Member may, at any time, make a written request for information on the nature and extent of any subsidy granted or maintained by another Member (including any subsidy referred to in Part IV), or for an explanation of the reasons for which a specific measure has been considered as not subject to the requirement of notification." Because China's three notifications to date have been significantly incomplete (*e.g.*, only central government-level programs have been notified) and late (*e.g.*, the notification filed in 2011 only covered up through 2008), the United States has regularly submitted extensive, detailed questions

to China under Article 25.8. Under Article 25.9, China is obligated to provide a response "as quickly as possible and in a comprehensive manner." As noted above, when China has not responded to the United States' questions submitted under Article 25.8 after a reasonable period of time, the United States has counter notified the subsidy measures at issue. In the spring of 2015, the United States submitted questions to China under Article 25.8 on various measures that appear to be fishery subsidies. Many of the measures were first listed in China's Trade Policy Report. To date, China has not responded to the United States' questions.

*Notification improvements:* In March 2009, the Chairman of the Trade Policy Review Body, acting through the Chairman of the General Council, requested that all committees discuss "ways to improve the timeliness and completeness of notifications and other information flows on trade measures." The United States fully supported the continuation of this initiative in 2015 in light of Members' poor record in meeting their subsidy notification obligations. In 2010, the United States took the initiative under this agenda item to review the subsidy notification record of several large exporters in failing to provide complete and timely subsidy notifications. Of primary concern in this regard was China. As noted above, the United States continues to devote significant time and resources to researching, monitoring, and analyzing China's subsidy practices. The United States has also been working with several other larger exporting countries bilaterally to assist and encourage them to meet their subsidy notification obligations.

In 2011, the United States submitted a specific proposal under Article 25.8 of the SCM Agreement to strengthen and improve the notification procedures of the SCM Committee. As noted above, under Article 25.8, any Member may make a written request for information on the nature and extent of a subsidy subject to the requirement of notification. Unfortunately, many requests under Article 25.8 have not been answered or are only partially answered orally after significant delay. To address this problem, the United States proposed that the SCM Committee establish deadlines for the submission of written answers to Article 25.8 questions and include all unanswered Article 25.8 questions on the bi-annual agendas of the SCM Committee until the questions are answered.[6] In 2015, the United States continued to advocate for a revised proposal, which sets out specific deadlines for responses to questions.[7] Many Members supported the proposal, while several other Members, such as China, India, South Africa, and Brazil, voiced concerns.

*The "export competitiveness" of India's textile and apparel sector:* Under the SCM Agreement, developing countries receive special and differential treatment with respect to certain subsidy disciplines under Article 27. For developing countries listed in Annex VII of the SCM Agreement, which includes India, the general prohibition on export subsidies does not apply until: (1) per capita GNP reaches a designated threshold of $1,000 per annum, or (2) eight years after the country achieves "export competitiveness" for a particular product. Article 27.6 of the SCM Agreement defines export competitiveness as the point when an exported product reaches a share of 3.25 percent of world trade for two consecutive calendar years. Export competitiveness is determined to exist either via notification by the Annex VII developing country having reached export competitiveness or on the basis of a computation undertaken by the WTO SCM Committee Secretariat at the request of any Member.

In February 2010, the United States formally requested the Secretariat, pursuant to Article 27.6 of the SCM Agreement, to compute the export competitiveness of India's textile and apparel sector. The Secretariat submitted its results to the Committee in March 2010. The calculations appear to support the conclusion that India has reached export competitiveness in the textile and apparel sector. In light of the Secretariat's calculations, the United States has pressed India to identify the current export subsidy programs that benefit the textile and apparel sector and commit to a phase-out schedule to end all such programs to the extent they benefit the textile and apparel sector. In response, India has raised certain technical questions as to the

[6] G/SCM/W/555; 21 October 2011.
[7] G/SCM/W/557/Rev.1; September 22, 2014.

appropriate definition of "product" and the precise starting point of the phase-out period under Articles 27.5 and 27.6 of the SCM Agreement. The United States will continue to pursue this issue.

*Extension of the transition period for the phase out of export subsidies:* Under the SCM Agreement, most developing country Members were obligated to eliminate their export subsidies by December 31, 2002. To address the concerns of certain small economies, a special procedure within the context of Article 27.4 of the SCM Agreement was adopted at the 2001 Doha Ministerial Conference to provide for facilitated annual extensions of the time available to eliminate certain notified export subsidies.[8] In 2007, the General Council, acting on an SCM Committee recommendation, decided to extend the application of the special procedure. An important outcome of these negotiations, upon which the United States and other developed and developing countries insisted, was that the beneficiaries must eliminate all export subsidy programs no later than 2015 and that they will have no recourse to further extensions beyond 2015. The final two-year phase-out period (2014-2015) is provided for in Article 27.4 of the SCM Agreement and ended on December 31, 2015.

*Permanent Group of Experts:* Article 24 of the SCM Agreement directs the SCM Committee to establish a Permanent Group of Experts (PGE), "composed of five independent persons, highly qualified in the fields of subsidies and trade relations" and that "[t]he experts will be elected by the Committee and one of them will be replaced every year." The SCM Agreement articulates three possible roles for the PGE: (1) to provide, at the request of a dispute settlement panel, a binding ruling on whether a particular practice brought before that panel constitutes a prohibited subsidy within the meaning of Article 3 of the SCM Agreement; (2) to provide, at the request of the SCM Committee, an advisory opinion on the existence and nature of any subsidy; and (3) to provide, at the request of a Member, a "confidential" advisory opinion on the nature of any subsidy proposed to be introduced or currently maintained by that Member. To date, the PGE has not yet been called upon to perform any of the aforementioned duties.

At the beginning of 2015, the members of the Permanent Group of Experts were: Mr. Akio Shimizu (Japan); Mr. Zhang Yuqing (China); Mr. Welber Barral (Brazil), Mr. Chris Parlin (United States), and Mr. Subash Pillai (Malaysia). Mr. Ichiro Araki (Japan) was elected at the regular fall meeting to replace the outgoing Mr. Shimizu. Therefore, at the end of 2015, the five members of the PGE were: Mr. Zhang Yuqing (until 2016), Mr. Welber Barral (until 2017), Mr. Chris Parlin (until 2018), Mr. Subash Pillai (until 2019), and Mr. Ichiro Araki (until 2020).

*The Methodology for Annex VII (b) of the SCM Agreement:* Annex VII of the SCM Agreement identifies certain lesser developed country Members that are eligible for particular special and differential treatment. Specifically, the export subsidies of these Members are not prohibited, and therefore, are not actionable as prohibited subsidies under the dispute settlement process. The Members identified in Annex VII include those WTO Members designated by the United Nations as "least-developed countries" (Annex VII(a)) as well as countries that had, at the time of the negotiation of the SCM Agreement, a per capita GNP under $1,000 per annum and are specifically listed in Annex VII(b).[9] A country automatically "graduates" from Annex VII(b) status when its per capita GNP rises above the $1,000 threshold. In 2001, at the WTO Fourth Ministerial Conference in Doha, decisions were made, which, *inter alia*, led to the adoption of an approach

[8] Antigua and Barbuda, Barbados, Belize, Costa Rica, Dominica, the Dominican Republic, El Salvador, Fiji, Grenada, Guatemala, Jamaica, Jordan, Mauritius, Panama, Papua New Guinea, St. Kitts and Nevis, St. Lucia, St. Vincent and the Grenadines, and Uruguay have made yearly requests since 2002 under these special procedures.

[9] Members identified in Annex VII(b) are: Bolivia, Cameroon, Congo, Cote d'Ivoire, Dominican Republic, Egypt, Ghana, Guatemala, Guyana, India, Indonesia, Kenya, Morocco, Nicaragua, Nigeria, Pakistan, Philippines, Senegal, Sri Lanka, and Zimbabwe. In recognition of the technical error made in the final compilation of this list and pursuant to a General Council decision, Honduras was formally added to Annex VII(b) on January 20, 2001.

to calculate the $1,000 threshold in constant 1990 dollars and to require that a Member be above this threshold for three consecutive years before graduation. The WTO Secretariat updated these calculations in 2015.[10]

**Prospects for 2016**

In 2016, the United States will continue to analyze the latest subsidy notification submitted by China in the fall of 2015, particularly with respect to China's fishery sector, and will focus on other possible subsidy programs in China not notified, particularly those that may be prohibited under the SCM Agreement, those administered at the provincial and local levels, and those provided to sectors for which China has yet to notify any subsidies (*e.g.*, steel). The United States will continue to seek to engage India bilaterally to commit to a phase out of its export subsidy programs to the extent that they benefit the textile and apparel sector. More generally, the SCM Committee will continue to work in 2016 to improve the timeliness and completeness of Members' subsidy notifications and, in particular, will continue to discuss the proposal made by the United States to improve and strengthen the SCM Committee's procedures under Article 25.8 of the SCM Agreement. Finally, the subsidy notification of the United States, covering fiscal years 2013 and 2014, will likely be reviewed by the SCM Committee in the spring of 2016.

## 6. Committee on Customs Valuation

**Status**

The purpose of the Agreement on the Implementation of GATT Article VII (known as the WTO Agreement on Customs Valuation, referred to herein as the "Valuation Agreement") is to ensure that determinations of the customs value for the application of duty rates to imported goods are conducted in a neutral and uniform manner, precluding the use of arbitrary or fictitious customs values. Adherence to the Agreement is important for U.S. exporters, particularly to ensure that market access opportunities achieved through tariff reductions are not negated by unwarranted and unreasonable "uplifts" in the customs value of goods to which tariffs are applied. The use of arbitrary and inappropriate "uplifts" in the valuation of goods by importing countries when applying tariffs can result in an unwarranted doubling or tripling of effective duties.

**Major Issues in 2015**

The Valuation Agreement is administered by the Committee on Customs Valuation (the Customs Valuation Committee), which held two formal meetings in 2015. The Valuation Agreement also established a Technical Committee on Customs Valuation under the auspices of the World Customs Organization (WCO), with a view to ensuring, at the technical level, uniformity in interpretation and application of the Valuation Agreement. The Technical Committee held two meetings in 2015.

In accordance with a 1999 recommendation of the WTO Working Party on Preshipment Inspection that was adopted by the General Council, the Customs Valuation Committee continued to provide a forum for reviewing the operation of various Members' preshipment inspection regimes and the implementation of the WTO Agreement on Preshipment Inspection.

While no Members currently maintain the Special & Differential Treatment (S&D) reservation concerning the use of minimum values, there are still Members whose use of minimum import prices is problematic and is a practice inconsistent with the provisions of the Valuation Agreement.

[10] *See* G/SCM/110/Add.12.

We note that in keeping with its Accession to the WTO, Yemen will start fully implementing the Valuation Agreement by December 31, 2016.

The United States has used the Customs Valuation Committee as an important forum for addressing concerns on behalf of U.S. exporters across all sectors – including agriculture, automotive, textile, steel, and information technology – that have experienced difficulties related to the conduct of customs valuation and preshipment inspection regimes.

Achieving universal acceptance of the Valuation Agreement was an important objective of the United States in the Uruguay Round. The Valuation Agreement was initially negotiated in the Tokyo Round, but until entry into force of the WTO Agreement, adherence to it was voluntary. A proper valuation methodology under the Valuation Agreement, avoiding arbitrary determinations or officially established minimum import prices, is essential for the realization of market access commitments. Just as important, the implementation of the Valuation Agreement often is an initial concrete and meaningful step by developing country Members toward reforming their customs administrations, diminishing corruption, and ultimately moving to a rules-based trade facilitation environment.

An important part of the Customs Valuation Committee's work is the examination of customs valuation legislation to implement Valuation Agreement commitments and individual Member practices. As of December 2015, 94 Members had notified their national legislation on customs valuation (these figures do not include the 28 individual EU Member States, which also are WTO Members). In addition, 62 Members have notified its "Implementation and Administration of the Agreement on Customs Valuation" *checklist of issues* created by the Tokyo Round Committee on May 5, 1981. Thirty-five Members have not yet made any notification of their national legislation on customs valuation. At the Committee's May and October 2015 meetings, the Committee undertook its examination of the customs valuation legislation of: Bahrain, Belize, Cabo Verde; Colombia, Ecuador; the Gambia; Guinea, Honduras, Mali; the Republic of Moldova; Montenegro, Nepal, Nicaragua; Nigeria; Russia; Rwanda; Saint Vincent and the Grenadines; South Africa, and Sri Lanka. In addition, the Committee concluded the review of the national legislation of Lesotho, St. Vincent and the Grenadines, Ukraine; and Uruguay. Where the Committee's examination of these Members' customs valuation legislation was not concluded because of outstanding responses, or Members have reverted in 2015, the examination will continue in 2016.

Working with information provided by U.S. exporters, the United States played a leading role in these examinations, submitting in some cases a series of detailed questions as well as suggestions toward improved implementation. In addition to raising questions for Members whose customs valuation legislation is under examination, the United States is still awaiting replies to a number of outstanding questions submitted to Indonesia requesting notification of its preshipment inspection program to the Committee.

The Customs Valuation Committee's work throughout 2015 continued to reflect a cooperative focus among all Members to ensure implementation of the Valuation Agreement. The Committee also took note of technical assistance activities carried out by the Secretariat of the WCO and its Members related to customs valuation. The Committee also noted that technical assistance in the area of customs valuation is now incorporated into the WTO-wide technical assistance program, which encompasses regional activities on market access issues, including customs valuation.

**Prospects for 2016**

The Customs Valuation Committee's work in 2016 will include reviewing the relevant implementing legislation and regulations notified by Members, along with addressing any further requests by other

Members concerning implementation deadlines. The Committee will monitor progress by Members with regard to their respective work programs that were included in the decisions granting transitional reservations or extensions of time for implementation. In this regard, the Committee will continue to provide a forum for sustained focus on issues arising from practices of Members with regard to their implementation of the Valuation Agreement, to ensure that Members' customs valuation regimes do not utilize arbitrary or fictitious values, such as through the use of minimum import prices. In addition, the United States will build on the momentum created by a workshop on reference price databases held in the Committee in September 2014, by encouraging continued dialogue on the benefits of advance rulings on valuation for traders and customs administrations, and by sharing best practices and experience. Further, the United Sates will continue to emphasize the synergy between the Customs Valuation Agreement and the TFA. In particular, as part of Technical Assistance discussions in the Customs Valuation Committee, that United States intends to explore using TFA technical assistance capacity building to further Members' understanding and compliance with the Valuation Agreement in order to address technical assistance issues, which the Committee considers as a matter of high priority.

## 7. Committee on Rules of Origin

**Status**

The objective of the Agreement on Rules of Origin (the ROO Agreement) is to increase transparency, predictability, and consistency in both the preparation and application of rules of origin. The ROO Agreement provides important disciplines for conducting preferential and nonpreferential origin regimes, such as the obligation to provide, upon request of a trader, an assessment of the origin they would accord to a good within 150 days of that request. In addition to setting forth disciplines related to the administration of rules of origin, the ROO Agreement provides for a work program to develop harmonized rules of origin for nonpreferential trade. The Harmonization Work Program (HWP) is more complex than initially envisioned under the ROO Agreement, which provided for the work to be completed within three years after its commencement in July 1995. This HWP continued throughout 2015 and will continue into 2016.

The ROO Agreement is administered by the Committee on Rules of Origin (the ROO Committee), which held meetings in April and October of 2015. In addition, the ROO Committee met in an informal dedicated session in July 2015 to discuss preferential rules of origin for LDCs. The Committee also serves as a forum to exchange views on notifications by Members concerning their national rules of origin along with relevant judicial decisions and administrative rulings of general application. The ROO Agreement also established a Technical Committee on Rules of Origin (Technical Committee) under the auspices of the World Customs Organization to assist in the HWP.

**Major Issues in 2015**

As of December 2015, 95 Members have notified the WTO concerning nonpreferential rules of origin. In these notifications, 44 Members notified that they apply nonpreferential rules of origin, and 51 Members notified that they did not have a nonpreferential rule of origin regime. Thirty-eight Members have not notified nonpreferential rules of origin. All WTO Members have notified the WTO, either through the ROO Committee or other WTO bodies, that they apply at least one set of preferential rules of origin.

The ROO Agreement has provided a means for addressing and resolving many problems facing U.S. exporters pertaining to origin regimes, and the ROO Committee has been active in its review of the ROO Agreement's implementation. Virtually all issues and concerns cited by U.S. exporters as arising under the origin regimes of U.S. trading partners arise from administrative practices that are not transparent, allow

discrimination, and lack predictability. The ROO Committee has given substantial attention to the implementation of the ROO Agreement's disciplines related to transparency.

The ongoing HWP has attracted a great deal of attention and resources from WTO Members. Members working through the Technical Committee and the ROO Committee have made progress toward completion of this effort, despite the large volume and magnitude of complex issues, which must be addressed for hundreds of specific products.

U.S. proposals for the HWP have been developed based on a Section 332 study, which was conducted by the U.S. International Trade Commission (USITC) pursuant to a request by USTR. The U.S. proposals reflect input received from ongoing consultations with the private sector as the negotiations have progressed from the technical stage to deliberations in the ROO Committee. Representatives from several U.S. Government agencies continue to be involved in the HWP, including USTR, U.S. Customs and Border Protection, the U.S. Department of Commerce (Commerce), and the U.S. Department of Agriculture (USDA).

In 2006, the General Council agreed that following resolution of the core policy issues, the Committee would complete its remaining work on the HWP by December 2007. Notwithstanding this deadline, the HWP has not been completed.

While the ROO Committee made some progress towards fulfilling the mandate of the ROO Agreement to establish harmonized nonpreferential rules of origin, a number of fundamental issues, including many with respect to product-specific rules for agricultural and industrial goods and the scope of the prospective obligation to apply the harmonized nonpreferential rules of origin equally for all purposes, remain to be resolved.

Because of the impasse among Members on: (i) the product specific rules related to the 94 core policy issues; (ii) the absence of a common understanding of the scope of the prospective obligation to apply the harmonized nonpreferential rules of origin equally for all purposes; and (iii) the growing concern among Members that the final result of the HWP negotiations would not be consistent with the objectives of the HWP set forth in Article 9 of the ROO Agreement, the General Council recognized that its guidance was needed on how to resolve these issues. In 2007, the General Council endorsed the recommendation of the ROO Committee that substantive work on these issues be suspended until the ROO Committee receives the necessary guidance from the General Council on how to reconcile the differences among Members on the aforementioned issues.

In 2015, the Committee initiated a transparency exercise to exchange information about nonpreferential rules of origin that individual Members have in place. Some Members presented to the Committee their current nonpreferential rules of origin and shared their experiences regarding application of such rules. In addition, the Committee also heard presentations about the impact of rules of origin on international trade and on customs operations from the WCO, the International Trade Centre (ITC), the International Chamber of Commerce, and UNCTAD. Although the HWP has not been completed, in 2011 the ROO Committee agreed to initiate the transposition of draft harmonized nonpreferential rules of origin into more recent versions of the Harmonized System nomenclature. This work was completed in 2015.

**Prospects for 2016**

The Committee will continue to discuss the future organization of the Committee's work and divergences in Members' views of how to continue the HWP. In accordance with the decision taken by the General Council in July 2007, and subject to future guidance from the General Council, the ROO Committee will continue to focus on technical issues, including the technical aspects of the overall architecture of the HWP

product specific rules, through informal consultations. The ROO Committee will continue to report periodically to the General Council on its progress in resolving these issues. The Committee will also review the implementation of the Ministerial Decision on Preferential Rules of Origin for LDCs that was adopted at the Nairobi Ministerial (WT/MIN(15)/47).

## 8. Committee on Technical Barriers to Trade

**Status**

The Agreement on Technical Barriers to Trade (the TBT Agreement) establishes rules and procedures regarding the development, adoption, and application of voluntary standards and mandatory technical regulations for products and the procedures (such as testing or certification) used to determine whether a particular product meets such voluntary standards or technical regulations (conformity assessment procedures). One of the main objectives of the TBT Agreement is to prevent the use of regulations as unnecessary barriers to trade while ensuring that Members retain the right to regulate, *inter alia*, for the protection of health, safety, or the environment, at the levels they consider appropriate.

The TBT Agreement applies to industrial as well as agricultural products, although it does not apply to SPS measures or specifications for government procurement, which are covered under separate agreements. TBT Agreement rules help to distinguish legitimate standards, conformity assessment procedures, and technical regulations from protectionist measures and other measures that act as unnecessary obstacles to trade. For example, the TBT Agreement requires Members to apply standards, technical regulations, and conformity assessment procedures in a nondiscriminatory fashion and, in particular, requires that technical regulations be no more trade restrictive than necessary to meet a legitimate objective and be based on relevant international standards, except where international standards would be ineffective or inappropriate to meet a legitimate objective.

The Committee on Technical Barriers to Trade (the TBT Committee) serves as a forum for consultation on issues associated with implementing and administering the TBT Agreement. The TBT Committee is composed of representatives of each WTO Member and provides an opportunity for Members to discuss concerns about specific standards, technical regulations, and conformity assessment procedures that a Member proposes or maintains. The TBT Committee also allows Members to discuss systemic issues affecting implementation of the TBT Agreement (*e.g.*, transparency, use of good regulatory practices, regulatory cooperation), and to exchange information on Members' practices related to implementing the TBT Agreement and relevant international developments.

*Transparency:* The TBT Agreement requires each Member to establish a central contact point, known as an inquiry point, which is responsible for responding to requests for information on its standards, technical requirements, and conformity assessment procedures, or making the appropriate referral. The TBT Agreement also requires Members to notify proposed technical regulations and conformity assessment procedures and to take comments received from other Members into account. These obligations provide a key benefit to the public. Through the U.S. Government's implementation of these obligations, the public is able to obtain information on proposed technical regulations and conformity assessment procedures of other WTO Members and to provide written comments for consideration on those proposals before they are finalized.

The National Institute of Standards and Technology (NIST) serves as the U.S. inquiry point for purposes of the TBT Agreement (NIST can be contacted via email at: usatbtep@nist.gov or notifyus@nist.gov or via the Internet at: http://www.nist.gov/notifyus). The inquiry point responds to requests for information concerning Federal and State standards, technical regulations, and conformity assessment procedures, as

well as voluntary standards and conformity assessment procedures developed or adopted by nongovernmental bodies. Upon request, NIST will provide copies of notifications of proposed technical regulations and conformity assessment procedures that other Members have made under the TBT Agreement, as well as contact information for other Members' TBT inquiry points. NIST maintains the "Notify U.S. Service" through which U.S. entities receive, via e-mail, WTO notifications of proposed or revised domestic and foreign technical regulations and conformity assessment procedures for manufactured products. U.S. entities can access the services through the website: https://www.nist/notifyus. NIST refers requests for information concerning SPS measures to USDA, which is the U.S. inquiry point pursuant to the SPS Agreement.

The opportunity provided by the TBT Agreement for interested parties in the United States to influence the development of proposed technical regulations and conformity assessment procedures being developed by other Members by allowing them to provide written comments on proposed measures and submit them through the U.S. inquiry point helps to prevent the establishment of technical barriers to trade. The TBT Agreement has functioned well in this regard, although discussions on how to improve its operation occur as part of the triennial review process *(see below)*. Obligations, such as the prohibition on discrimination and the requirement that technical regulations not be more trade restrictive than necessary to fulfill legitimate regulatory objectives, have been useful in evaluating potential trade barriers and in seeking ways to address them.

The TBT Committee also plays an important monitoring and oversight role. It has served as a constructive forum for discussing and resolving issues and avoiding disputes. Since its inception, an increasing number of Members, including developing countries, have used the Committee to highlight trade problems.

Article 15.4 of the TBT Agreement requires the Committee to review the operation and implementation of the TBT Agreement every three years. Six such reviews have now been completed (G/TBT/5, G/TBT/9, G/TBT/13, G/TBT/19, G/TBT/26, and G/TBT/32), the most recent in 2012. From the U.S. perspective, a key benefit of these reviews is that they prompt WTO Members to review and discuss all of the provisions of the TBT Agreement, which facilitates a common understanding of Members' rights and obligations. The reviews have also prompted the Committee to host workshops on various topics of interest, including technical assistance, conformity assessment**,** labeling, good regulatory practice, international standards, and regulatory cooperation.

**Major Issues in 2015**

The TBT Committee met three times in 2015, March (G/TBT/M/65), June (G/TBT/M/66), and November (G/TBT/M/67). At these meetings, Members made statements informing the Committee of measures they had taken to implement the TBT Agreement and to administer measures in compliance with the Agreement. Members also used Committee meetings to raise concerns about specific technical regulations, standards, or conformity assessment procedures that have been proposed or adopted by other Members. Measures garnering significant Committee attention included nutrition labeling requirements for food (Chile, Ecuador, Peru, and Indonesia); tobacco-related measures (New Zealand, Ireland, Singapore, and the EU); regulations on alcoholic beverages (Russia, Thailand, and Ecuador); and continued concern regarding regulations for Registration of Chemicals (China, Taiwan, Korea, and the EU); the development of China-specific standards in the information technology sphere for the banking and insurance sectors; testing procedures for toys (Brazil, Colombia, Turkey, Gulf Cooperation Council, and Indonesia); and India's testing and certification requirements for telecommunications and Information Communication and Telecommunication products.

The Seventh Triennial Review of the Operation and Implementation of the TBT Agreement was conducted in 2015. Ninety-four proposals were made by 22 Members through papers and during informal discussions

of the TBT Committee on the topics including: Good Regulatory Practices, Regulatory Cooperation, Conformity Assessment Procedures, Standards, Transparency, Technical Assistance, Special and Differential Treatment, and on the Operation of the Committee. The major proposals from the United States, which were accepted by Members, included recommendations to discuss approaches to the use of national and regional quality infrastructure for facilitating trade in respect of standards, technical regulations and conformity assessment procedures[11], and to discuss the notification of regional technical regulations and conformity assessment procedures and recommend best practices.[12]

- Outcomes on Good Regulatory Practices include continuing to exchange information on Good Regulatory Practice mechanisms adopted by Members and continuing to discuss how Regulatory Impact Assessment (RIA) can facilitate the implementation of the TBT Agreement, including a discussion of the challenges faced by developing countries.

- Regulatory Cooperation was a new topic identified by Members for discussion in the 7th Triennial Review. With respect to Regulatory Cooperation, the Committee agreed to deepen its information exchange on Regulatory Cooperation between Members, to share information and experiences related to emerging or ongoing issues in specific sectors, and to discuss effective elements of Regulatory Cooperation. It is anticipated that the first discussion on Regulatory Cooperation will focus on energy efficiency standards.

- The recommendations on Conformity Assessment include three areas of work identified in the 6th Triennial Review: approaches to conformity assessment, use of relevant international standards and guides, and facilitating the recognition of conformity assessment results.

- The recommendations on Standards relate to exchanging information on how Members reference standards in technical regulations, and developing further transparency in standards setting, including the publication of work programs and comment periods for draft standards on websites, and compliance to the Code of Good Practice for local government and non-government standardizing bodies.

- Recommendations for improved Transparency focused on the functioning of Inquiry Points, coherent use of WTO notification formats for proposed technical regulations, increasing the availability of translations, and improving the use and function of on-line tools managed by the WTO Secretariat.

- For Technical Assistance and Special and Differential Treatment, the Committee will continue to exchange information.

- Finally, with respect to the Operation of the Committee, Members agreed to continue holding thematic sessions.

The complete outcomes of the 7th Triennial Review are summarized in G/TBT/37.

**Prospects for 2016**

In 2016, the TBT Committee will continue to monitor Members' implementation of the TBT Agreement. U.S. priorities will continue to focus on resolving specific trade concerns, as well as monitoring on the

[11] G/TBT/W/415/Rev.1.
[12] G/TBT/W/411/Rev.1.

implementation of the outcomes of the 7th Triennial Review. In March 2016, the TBT Committee will hold two thematic sessions. The first will be on Regulatory Impact Assessment and how it can facilitate the implementation of the TBT Agreement. The second thematic session will be on the developments in international and regional conformity assessment systems and obligations related to conformity assessment in Regional Trade Agreements (RTAs), relating to the recognition and acceptance of conformity assessment results. In June 2016, the Committee will hold thematic session on how to reference Standards in technical regulations, and on Regulatory Cooperation. In November 2016, the Committee will conduct the Eighth Special Meeting on Procedures for Information Exchange and hold thematic sessions on Technical Assistance and Regulatory Cooperation.

## 9. Committee on Antidumping Practices

**Status**

The Antidumping Agreement sets forth detailed rules and disciplines prescribing the manner and basis on which Members may take action to offset the injurious dumping of products imported from another Member. Implementation of the Antidumping Agreement is overseen by the Committee on Antidumping Practices (the Antidumping Committee), which operates in conjunction with two subsidiary bodies, the Working Group on Implementation (the Working Group) and the Informal Group on Anticircumvention (the Informal Group).

The Antidumping Committee is an important venue for reviewing Members' compliance with the detailed provisions in the Antidumping Agreement, improving mutual understanding of those provisions, and providing opportunities to exchange views and experiences with respect to Members' application of antidumping remedies.

The Working Group is an active body which focuses on practical issues and concerns relating to implementation. The activities of the Working Group permit Members to develop a better understanding of their respective policies and practices for implementing the provisions of the Antidumping Agreement based on papers submitted by Members on specific topics. Where possible, the Working Group endeavors to develop draft recommendations on the topics it discusses, which it forwards to the Antidumping Committee for consideration. To date, the Antidumping Committee has adopted Working Group recommendations on the following five antidumping topics: (1) the period of data collection for antidumping investigations; (2) the timing of notifications under Article 5.5; (3) the contents of preliminary determinations; (4) the time period to be considered in making a determination of negligible imports for purposes of Article 5.8; and (5) an indicative list of elements relevant to a decision on a request for extension of time to provide information pursuant to Articles 6.1 and 6.1.1.

The Working Group has drawn a high level of participation by Members, in particular capital-based experts and officials of antidumping administering authorities. Since the inception of the Working Group, the United States has submitted papers on most topics and has been an active participant at all meetings. While not a negotiating forum in either a technical or formal sense, the Working Group serves an important role in promoting improved understanding of the Antidumping Agreement's provisions and exploring options for improving practices among antidumping administrators.

At Marrakesh in 1994, Ministers adopted a Decision on Anticircumvention directing the Antidumping Committee to develop rules to address the problem of circumvention of antidumping measures. In 1997, the Antidumping Committee agreed upon a framework for discussing this important topic and established the Informal Group. Many Members, including the United States, recognize the importance of using the Informal Group to pursue the 1994 decision by Ministers.

**Major Issues in 2015**

In 2015, the Antidumping Committee held meetings in April and October. At its meetings, the Antidumping Committee focused on implementation of the Antidumping Agreement, in particular, by continuing its review of Members' antidumping legislation. The Antidumping Committee also reviewed reports required of Members that provide information as to preliminary and final antidumping measures and actions taken over the preceding six months.

The following is a list of the more significant activities that the Antidumping Committee, the Working Group, and the Informal Group undertook in 2015.

*Notification and Review of Antidumping Legislation:* To date, 78 Members have notified that they currently have antidumping legislation in place, and 35 Members have notified that they maintain no such legislation. In 2015, the Antidumping Committee reviewed new notifications of antidumping legislation and/or regulations submitted by Armenia, Australia, Bahrain, Brazil, Qatar, Saudi Arabia, and the United States. Several Members, including the United States, were active in formulating written questions and in making follow up inquiries at the Antidumping Committee meetings.

*Notification and Review of Antidumping Actions:* In 2015, 34 Members notified that they had taken antidumping actions during the latter half of 2014, while 33 Members reported having taken actions in the first half of 2015. Members identified these actions, as well as outstanding antidumping measures currently maintained by Members, in semi-annual reports submitted for the Antidumping Committee's review and discussion. The semi-annual reports for the second half of 2014 were issued in document series "G/ADP/N/265/…," and the semi-annual reports for the first half of 2015 were issued in document series "G/ADP/N/272/…" At its April and October 2015 meetings, the Antidumping Committee also reviewed Members' notifications of preliminary and final actions pursuant to Article 16.4 of the Antidumping Agreement.

*Working Group on Implementation:* The Working Group held meetings in April and October 2015. Beginning in 2003, the Working Group has held discussions on several agreed topics, including: (1) export prices to third countries vs. constructed value under Article 2.2 of the Antidumping Agreement; (2) foreign exchange fluctuations under Article 2.4.1; (3) conduct of verifications under Article 6.7; (4) judicial, arbitral, or administrative reviews under Article 13; and (5) price undercutting by dumped imports. In 2009, the Working Group agreed to include the following additional topics for discussion: (1) constructed export prices; (2) other known causes of injury; (3) threat of material injury; (4) accuracy and adequacy of evidence to justify the initiation of an investigation; and (5) the determination of the likelihood of continuation or recurrence of dumping and injury in sunset reviews. The discussions in the Working Group on all of these topics have focused on submissions by Members describing their own practice.

At the April 2015 meeting, the Working Group agreed to test a new approach for work based on a topic-centered discussion, with a discussant to facilitate the dialogue and informal presentations by Members.

For the October 2015 meeting, the Working Group selected the topic of administrative, arbitral, and judicial review under Article 13. A representative from Canada served as the discussant and several Members, including the United States, made informal presentations.

*Informal Group on Anticircumvention:* In 2015, the Informal Group held one meeting in April 2015. A new paper submitted by the United States entitled "Anti-Dumping Duty Evasion Services" was discussed.

**Prospects for 2016**

Work will proceed in 2016 on the areas that the Antidumping Committee and the Working Group addressed this past year, and the Informal Group will continue to meet on relevant topics as the Members deem appropriate. The Antidumping Committee will pursue its review of Members' notifications of antidumping legislation, and Members will continue to have the opportunity to submit additional questions concerning previously reviewed notifications. This ongoing review process in the Antidumping Committee is important for ensuring that Members' antidumping laws are properly drafted and implemented, thereby contributing to a well-functioning, rules-based trading system. Since notifications of antidumping legislation are not restricted documents, U.S. exporters will continue to enjoy access to information about the antidumping laws of other Members, which should assist them in better understanding the operation of such laws and in taking them into account in commercial planning.

The preparation by Members and review in the Antidumping Committee of semi-annual reports and reports of preliminary and final antidumping actions will also continue in 2016. The semi-annual reports are accessible to the general public on the WTO website. This transparency promotes improved public knowledge and appreciation of the trends and focus of all WTO Members' antidumping actions.

Discussions in the Working Group will continue to play an important role as more Members enact antidumping laws and begin to apply them. There has been a sharp and widespread interest in the technical issues related to understanding how Members implement these rules when administering their laws pursuant to the Antidumping Agreement. Tackling these issues in a serious manner will require the involvement of the Working Group, which is the forum that was established to discuss these technical and administrative issues. For these reasons, the United States will continue to use the Working Group to learn in greater detail about other Members' administration of their antidumping laws, especially as that forum provides opportunities to discuss not only the laws as written, but also the operational practices that Members employ to implement them. In 2016, the Working Group will assess the effectiveness of the topic-centered discussion approach and decide whether to continue this approach for upcoming meetings and, if so, discuss and select topics accordingly.

The work of the Informal Group will also continue in 2016 according to the framework for discussion on which Members have agreed.

## 10. Committee on Import Licensing

**Status**

The Committee on Import Licensing (the Import Licensing Committee) was established to administer the Agreement on Import Licensing Procedures (Import Licensing Agreement) and to monitor compliance with the mutually-agreed rules for the application of these widely used measures. The Import Licensing Committee normally meets twice a year to review information on import licensing requirements submitted by WTO Members in accordance with the obligations set out in the Import Licensing Agreement. The Committee also receives questions from Members on the licensing regimes of other Members, whether or not those regimes have been notified to the Committee. The Committee meetings also address specific observations and complaints concerning Members' licensing systems. These reviews are not intended to substitute for dispute settlement procedures; rather, they offer Members an opportunity to focus multilateral attention on licensing measures and procedures that they find problematic, to receive information on specific issues and to clarify problems, and possibly to resolve issues before they become disputes.

**Major Issues in 2015**

In 2015, the Import Licensing Committee held its meetings in April and October. In accordance with Articles 1.4(a), 5.4, and 8.2(b) of the Import Licensing Agreement and procedures agreed to by the Committee, all Members, upon joining the WTO, must notify the sources of the information pertaining to their laws, regulations, and administrative procedures relevant to import licensing. Any subsequent changes to these measures must also be published and notified. Since the entry into force of the WTO Agreement, 107 Members[13] have notified the Committee of their measures or publications under these provisions (as of the last meeting held on October 20, 2015). During 2015, the Committee received 16 notifications (as of October 20, 2015) from the following 13 Members: Australia; Brazil; Cameroon; the EU; Hong Kong, China; Mexico; Montenegro; Macao, China; Paraguay; Peru; Philippines; Russia; and the Separate Customs Territory of Taiwan Penghu, Kinmen and Matsu. These notifications can be found in document series G/LIC/N/1/-(http://www.wto.org/english/res_e/res_e.htm).

With regard to notifications of new import licensing procedures or changes in such procedures (required by Articles 5.1 through 5.4 of the Agreement), the Committee reviewed[14] 16 notifications from ten Members (up to October 20, 2015): Australia; Brazil; the EU; Hong Kong, China; Indonesia; Malawi; Mexico; Paraguay; Sri Lanka; and Viet Nam. These notifications can be found in documents series G/LIC/N/2/-(http://www.wto.org/english/res_e/res_e.htm).

Article 7.3 of the Import Licensing Agreement requires all Members to provide prompt replies to the annual Questionnaire on Import Licensing Procedures; Committee procedures set a deadline of September 30 each year. While not all Members provide responses every year, since the entry into force of the WTO Agreement, 110 Members have made notifications under this provision (as of October 20, 2015). The number of Members submitting annual notifications has increased from 11 Members in 1995, when the WTO was established, to 36 Members in 2015. All of these notifications, including the U.S. responses to the Questionnaire on Import Licensing Procedures (G/LIC/N/3/USA/12), may be found in document series G/LIC/N/3/- (http://www.wto.org/english/res_e/res_e.htm).

The United States remained one of the most active members of the Import Licensing Committee in 2015, using the forum to gather information and to discuss import licensing measures applied to its trade by other Members. In 2015, the United States raised concerns about the import licensing procedures of: Bangladesh (pharmaceuticals); India (boric acid and apples); Indonesia (cell phones, handheld computers and tablets); Mexico (steel); and, Vietnam (distilled spirits; transparency). The United States and other Members submitted written questions on these and other issues. Written questions and replies to and from Members submitted to the Committee concerning notifications and import licensing procedures may be found in document series G/LIC/Q/- (http://www.wto.org/english/res_e/res_e.htm).

*Notifications and Other Documentation:* The United States continues to work within the Committee to seek to enhance Members' efforts to comply with the Agreement's notification requirements. In so doing, transparency remains the primary goal.

**Prospects for 2016**

The administration of import licensing procedures continues to be a significant topic of discussion in the day-to-day implementation of Members' WTO obligations. The use of such measures to monitor and to regulate imports has increased. Import licensing also remains a factor in the administration of tariff-rate quotas and the application of safeguard measures, technical regulations, and sanitary and phytosanitary

[13] The EU and its Member States counted as one Member for purposes of this notification.
[14] Four new documents submitted on October 8, 2015 by Russia will be reviewed at the next Committee meeting.

requirements. The proliferation of import licensing requirements is a continuing source of concern, as many such requirements appear to be administered in a manner that restrict trade. The United States will continue to advocate for increased transparency and proper use of import licensing procedures, and will continue to closely monitor licensing procedures to ensure that the procedures, do not, in themselves, restrict imports in a manner inconsistent with Members' WTO obligations.

## 11. Committee on Safeguards

**Status**

The Committee on Safeguards (the Safeguards Committee) was established to administer the WTO Agreement on Safeguards (the Safeguards Agreement). The Safeguards Agreement establishes rules for the application of safeguard measures as provided in Article XIX of GATT 1994. Effective rules on safeguards are important to the viability and integrity of the multilateral trading system. The availability of a safeguard mechanism gives WTO Members the assurance that they can act quickly to help industries adjust to import surges, providing them with flexibility they would not otherwise have to open their markets to international competition. At the same time, WTO rules on safeguards ensure that such actions are of limited duration and are gradually less restrictive over time.

The Safeguards Agreement incorporates into WTO rules many of the concepts embodied in U.S. safeguards law (section 201 of the Trade Act of 1974, as amended). Among its key provisions, the Safeguards Agreement: requires a transparent, public process for making injury determinations; sets out clearer definitions of the criteria for serious injury determinations; requires that safeguard measures be steadily liberalized over their duration; establishes maximum periods for safeguard actions; requires a review no later than the midterm of any measure with a duration exceeding three years; allows safeguard actions to be taken for three years, without the requirement of compensation or the possibility of retaliation; and prohibits so-called "grey area" measures, such as voluntary restraint agreements and orderly marketing agreements.

The Safeguards Agreement requires Members to notify the Safeguards Committee of their laws, regulations, and administrative procedures relating to safeguard measures. It also requires Members to notify the Safeguards Committee of various safeguards actions, such as: (1) the initiation of an investigatory process; (2) a finding by a Member's investigating authority of serious injury or threat thereof caused by increased imports; (3) the taking of a decision to apply or extend a safeguard measure; and (4) the proposed application of a provisional safeguard measure.

**Major Issues in 2015**

The Safeguards Committee held two regular meetings in April and October 2015.

During its two meetings in 2015, the Safeguards Committee continued its review of Members' laws, regulations, and administrative procedures based on notifications required under Article 12.6 of the Safeguards Agreement. The Safeguards Committee reviewed the national legislation of Armenia, Bahrain, Brazil, the EU, Malawi, New Zealand, Qatar, Saudi Arabia, and the United States.

The Safeguards Committee reviewed Article 12.1(a) notifications regarding the initiation of a safeguard investigatory process relating to serious injury or threat thereof and the reasons for it, or the initiation of a review process relating to the extension of an existing measure, from the following Members: Armenia on Harvesters and Modules Thereof and Tableware and Kitchenware of Porcelain and Steel; Chile on Steel Wire Rod; Colombia on Bars and Rods of Low-Carbon Steel;; Egypt on Automotive Batteries; India on

Cold-Rolled Flat Products and Hot-Rolled Flat Products of Non-alloy and Other Alloy Steel in Coils on a Width of 600 mm or More; Indonesia on Dextrose Monohydrate; Malaysia on Hot-Rolled Coils; Morocco on Paper in Rolls and Paper in Reams, and Wire Rods and Reinforcing Bars; Philippines on Newsprint and Steel Angle Bars; Russia on Pipes and Tubes of Stainless Steel; Thailand on Hot Rolled Steel Flat Products; Tunisia on Ceramic Tiles; and Turkey on Porcelain and Ceramic Tableware and Kitchenware, Wallpaper and Similar Wallcoverings, and Transmission Apparatus Incorporating Reception Apparatus (Cellular Portable Telephone), Ukraine on Flexible Porous Plates, Blocks and Sheets of Polyurethane Foams; Vietnam on Monosodium Glutamate; and Zambia on Flat-Rolled Products of Iron, Non-Alloy Steel, Trailers and Semi-Trailers.

The Safeguards Committee reviewed Article 12.1(b) notifications, regarding a finding of serious injury or threat thereof caused by increased imports from the following Members: Armenia on Harvesters and Modules Thereof, and Tableware and Kitchenware of Porcelain; Costa Rica on Pounded Rice; Ecuador on Wood and Bamboo Flooring; Egypt on Steel Rebar and Automotive Batteries; India on Saturated Fatty Alcohols; Indonesia on Coated Paper and Paperboard, Bars and Rods, and I and H Sections of Other Alloy Steel; Jordan on Writing and Printing Paper; Malaysia on Hot-Rolled Steel Plate; Morocco on Cold-Rolled Sheets and Plated or Coated Sheets; Philippines on Newsprint and Steel Angle Bars; Thailand on Non-Alloy Hot-Rolled Steel Flat Products in Coils and Not in Coils; Turkey on Wallpaper and Similar Wallcoverings; and Ukraine on Motor Cars and Casing and Pump-Compressor Seamless Steel Pipes.

The Safeguards Committee reviewed Article 12.1(c) notifications regarding a decision to apply or extend a safeguard measure from the following Members: Armenia on Harvesters and Modules Thereof, and Tableware and Kitchenware of Porcelain; Costa Rica on Pounded Rice; Ecuador on Wood and Bamboo Flooring; Egypt on Steel Rebar; India on Saturated Fatty Alcohols; Indonesia on Coated Paper and Paperboard, Bars and Rods, and I and H Sections of Other Alloy Steel; Malaysia on Hot-Rolled Steel Plate; Morocco on Cold-Rolled Sheets and Plated or Coated Sheets;; Philippines on Newsprint and Steel Angle Bars; Russia on Pipes and Tubes of Stainless Steel; Thailand on Hot-Rolled Steel Flat Products, and Non-Alloy Hot-Rolled Steel Flat Products in Coils and Not in Coils; Turkey on Wallpaper and Similar Wallcoverings; and Ukraine on Motor Cars.

The Safeguards Committee reviewed Article 12.4 notifications regarding the application of a provisional safeguard measure from the following Members: Chile on Steel Wire Rod; Ecuador on Wood and Bamboo Flooring; Egypt on White Sugar; India on Hot-Rolled Flat Products of Non-Alloy and Other Alloy Steel in Coils of a Width of 600mm or More; Malaysia on Hot-Rolled Steel Plate; Morocco on Cold-Rolled Sheets and Plated or Coated Sheets; and Zambia on Flat-Rolled Products of Iron, Non-Alloy Steel, Trailers and Semi-Trailers.

The Safeguards Committee received notifications of the termination of a safeguard investigation with no definitive safeguard measure imposed, or the expiration or termination of a definitive safeguard measure, from the following Members: Colombia on Bars and Rods of Low-Carbon Steel; India on Slabstock Polyol of Molecular Weight 3000 to 4000, Sodium Di-Chromate, and Cold-Rolled Flat Products; and Philippines on Galvanized Iron and Pre-Painted Sheets and Coils.

Also, at the meeting in April, at the request of the United States, the Safeguards Committee once again separately discussed the non-notification of safeguard measures by Russia. Prior to the meeting in October, Russia had submitted information to the Secretariat that detailed the status of each measure and this information was captured in the Safeguards Committee's annual report. Separately, at the request of the United States, the Safeguards Committee also discussed the non-notification of legislation by the Kingdom of Bahrain.

Finally, at the Safeguards Committee meeting in April, the Friends of Safeguards Procedures (FSP) – a 10 delegation group of WTO Members, including the United States – organized an informal discussion group. The informal discussion group consisted of presentations by various WTO Members on the rate and amount of the increase in imports of the subject merchandise and unforeseen developments. At the Safeguards Committee meeting in October, the topics were: public hearings and other appropriate means, and public file/inspection of file.

**Prospects for 2016**

The Safeguards Committee's work in 2016 will continue to focus on the review of safeguard actions that have been notified to the Safeguards Committee and on the review of notifications of any new or amended safeguards legislation. The United States will also work on its own, as well as with the FSP, to continue to address systemic issues of concern with safeguard proceedings as issues arise.

## 12. Working Party on State Trading Enterprises

**Status**

Article XVII of the GATT 1994 requires Members, *inter alia*, to ensure that state trading enterprises (STEs), as defined in that Article, act in a manner consistent with the general principles of nondiscriminatory treatment, and make purchases or sales solely in accordance with commercial considerations. The Understanding on the Interpretation of Article XVII of the GATT 1994 (the Article XVII Understanding) defines a state trading enterprise for the purposes of providing a notification. Members are required to submit new and full notifications to the Working Party on State Trading Enterprises (WP-STE) for review every two years.

The WP-STE was established in 1995 to review, *inter alia*, Member notifications of STEs and the coverage of STEs that are notified, and to develop an illustrative list of relationships between Members and their STEs and the kinds of activities engaged in by these enterprises.

**Major Issues in 2015**

The WP-STE held two formal meetings, on June 25, 2015 and October 12, 2015. At both meetings, the WP-STE reviewed a counter-notification, submitted by the United States, of the state trading enterprises of China. This counter-notification followed previous attempts to encourage China to file a notification. On June 13, 2014, the United States met with China in Geneva, Switzerland. At this meeting, the United States raised its concerns regarding China's lack of notification and stated that if such notification would not be forthcoming as part of the June 30 biennial obligation to submit an updated notification to the WP-STE, a Member may make a counter-notification under paragraph 4 of the Article XVII Understanding. No such notification was subsequently made, and the issue was not otherwise satisfactorily resolved. On August 7, 2014, the United States exercised its right under paragraph 4 and made a counter-notification that included 153 enterprises. Shortly after the October 2015 meeting, China submitted a notification as a reply to the counter-notification, providing additional information regarding its STEs.

At its June 2015 meeting, the WP-STE discussed a paper entitled "Agricultural Exporting State Trading Enterprises" from Canada and considered a presentation by Australia on its experience in fulfilling its notification obligations in changing circumstances. Several Members, including the United States, participated in the discussion.

At the October 2015 meeting, Members reviewed STE notifications from 18 Members: Barbados, Canada, Ecuador, Haiti, India, Indonesia, Korea, Kyrgyz Republic, Laos, Malawi, Malaysia, Mauritius, Moldova, Montenegro, New Zealand, Nicaragua, Qatar, and Togo.

During the meeting, at the request of the United States and the EU, the WP-STE also discussed the issue of Russia's notification obligations, and, at the request of the EU, the Russian United Grain Company. Finally, Members discussed the possibility of meeting on a more regular (e.g., semi-annual) basis.

**Prospects for 2016**

The WP-STE will continue its review of new notifications and its examination of how to improve Member compliance with STE notification obligations to enhance transparency of STEs. The WP-STE is formally scheduled to meet in October 2016, although Members are considering whether the WP-STE should also meet earlier in 2016 in addition to the October meeting. Also, the United States will continue to work with other WTO Members on the China and Russia notification issues.

# F. Council on Trade-Related Aspects of Intellectual Property Rights

**Status**

The TRIPS Council monitors implementation of the TRIPS Agreement, provides a forum in which WTO Members can consult on intellectual property matters, and carries out the specific responsibilities assigned to the Council in the TRIPS Agreement. The TRIPS Agreement sets minimum standards of protection for copyrights and related rights, trademarks, geographical indications (GIs), industrial designs, patents, integrated circuit layout designs, and undisclosed information. The TRIPS Agreement also establishes minimum standards for the enforcement of intellectual property rights (IPR) through civil actions for infringement, actions at the border and, at least with respect to copyright piracy and trademark counterfeiting, in criminal actions.

The TRIPS Agreement is important to U.S. interests and has yielded significant benefits for U.S. industries and individuals, from those engaged in the pharmaceutical, agricultural, chemical, and biotechnology industries to those producing motion pictures, sound recordings, software, books, magazines, and consumer goods.

Developed Members were required to fully implement the obligations of the TRIPS Agreement by January 1, 1996, and developing country Members generally had to achieve full implementation by January 1, 2000. LDC Members have had their transition period for full implementation of the TRIPS Agreement extended to July 1, 2021. The extension of this deadline provides, as before, that "This Decision is without prejudice to the Decision of the Council for TRIPS of June 27, 2002, on 'Extension of the Transition Period under Article 66.1 of the TRIPS Agreement for Least-Developed Country Members for Certain Obligations with respect to Pharmaceutical Products' (IP/C/25), and to the right of least developed country Members to seek further extensions of the period provided for in paragraph 1 of Article 66 of the Agreement." On November 6, 2015, the TRIPS Council extended the transition period for LDC Members to implement Sections 5 and 7 of the TRIPS Agreement with respect to pharmaceutical products until January 1, 2033, and recommended waiving Articles 70.8 and 70.9 of the TRIPS Agreement with respect to pharmaceuticals also until January 1, 2033, which was adopted by the WTO General Council on November 30, 2015.

**Major Issues in 2015**

In 2015, the TRIPS Council held three formal meetings. In addition to its continuing work on reviewing the implementation of the Agreement, the TRIPS Council's activities in 2015 focused on the positive relationship between intellectual property (IP) and innovation, under agenda items co-sponsored by the United States and other WTO Members. The TRIPS Council also continued its consideration of the relationship of the TRIPS Agreement to the Convention on Biological Diversity of issues addressed in the Doha Ministerial Declaration and the Declaration on the TRIPS Agreement and Public Health, and of technology transfer and technical cooperation.

*Intellectual Property and Innovation*: At the October, June, and March TRIPS Council meetings, the United States co-sponsored agenda items on the positive contributions of IP to innovation. In October 2015, for example, the United States advanced an agenda on the integral linkage between innovation, entrepreneurship, and economic growth, including exchanges of information between a broad and diverse set of developed and developing countries on economic data, commercial experience, and government policymaking in this area. IP, innovation, and entrepreneurship are intrinsically linked. Innovators are often our entrepreneurs, who in turn rely heavily on intellectual property rights to attract investment, protect their new technologies from theft, and generate revenue for future research, development, commercialization, and employment. And together, IP, innovation, and entrepreneurship play a critical developmental role. The case studies delegations explored at the Council confirm vividly what the theoretical and empirical literature amply demonstrates. Intellectual property rights play a critical role in delivering on the promise of the world's entrepreneurs, whose innovative new technologies fuel domestic and international economic growth, and help raise global standards of living.

In June 2015, the United States led an initiative in the TRIPS Council to emphasize the vital role IP plays in attracting capital and investment to fuel innovation. The initiative underscored the important linkage between IP and financing for capital-intensive R&D, and how increased respect for IP rights can not only increase access to, but also lower the cost of, investment for innovative businesses and startups. Representatives from the United States shared stories on the critical role of investors, like banks, stock markets, venture capital, and angel investors, in the innovation life cycle, from early research and development to later-stage manufacturing and commercialization. These stories shed light on how IP protection can reduce the financial risk associated with innovation, and enhance the economic and social benefits achieved with R&D investment.

In March 2015, as part of International Women's Day, the United States facilitated a first-of-its-kind exchange in the Council on the accomplishments of women creators and innovators and addressed the challenges they continue to confront. This opportunity gave delegations from around the world the chance to exchange best practices and policy experience in promoting women innovators. Innovation is not only an economic imperative for creating jobs and promoting economic growth, but a social imperative as well – to deliver on the promise of innovation for all people. Innovation provides a vital source for not only economic empowerment, but also gender parity, for women and girls. At the WTO, countries focused on two such sources – trade and intellectual property rights protection.

*Review of Developing Country Members' TRIPS Agreement Implementation:* During 2015, the TRIPS Council continued to conduct ongoing reviews of developing country Members' and newly acceded Members' implementation of the TRIPS Agreement and to provide assistance to developing country Members in implementing the Agreement. The United States continued to press for full implementation of the TRIPS Agreement by developing country Members and participated actively during the reviews of legislation by highlighting specific concerns regarding individual Members' implementation of the Agreement's obligations.

*Intellectual Property and Access to Medicines:* The August 30, 2003 solution (the General Council Decision on "Implementation of Paragraph 6 of the Doha Declaration on the TRIPS Agreement and Public Health," in light of the statement read out by the General Council Chairperson) continues to apply to each Member until the formal amendment to the TRIPS Agreement replacing its provisions takes effect for that Member. The amendment text adopted by the General Council in December 2005, and the statement by the Chairperson, preserve all substantive aspects of the August 30, 2003 solution and do not alter the substance of the previously agreed to solution. The United States was the first Member to submit its acceptance of the amendment to the WTO. As of January 5, 2016, a total of 63 Members had accepted the amendment, which will enter into force for those Members that have accepted it upon its acceptance by two thirds of the membership of the WTO.

*TRIPS-related WTO Dispute Settlement Cases:* In April 2007, the United States initiated WTO dispute settlement proceedings over deficiencies in China's legal regime for the protection and enforcement of IPR by requesting consultations with China. The Panel circulated its report on January 26, 2009. The Panel found that China's denial of copyright protection to works that did not meet China's content review standards was inconsistent with the TRIPS Agreement. The Panel also found it inconsistent with the TRIPS Agreement for China to provide for simple removal of an infringing trademark as the only precondition for the sale at public auction of counterfeit goods seized by Chinese customs authorities.

With respect to the U.S. claim regarding thresholds in China's law that must be met in order for certain acts of trademark counterfeiting and copyright piracy to be subject to criminal procedures and penalties, the panel clarified that China must provide for criminal procedures and penalties to be applied to willful trademark counterfeiting and copyright piracy on a commercial scale. The Panel agreed with the United States that Article 61 of the TRIPS Agreement requires China not to set its thresholds for prosecution of piracy and counterfeiting so high as to ignore the realities of the commercial marketplace. The Panel did find, however, that it needed more evidence in order to decide whether the actual thresholds for prosecution in China's criminal law are so high as to allow commercial-scale counterfeiting and piracy to occur without the possibility of criminal prosecution. The DSB adopted the panel report on March 20, 2009, and China made a number of changes to its legal regime. The United States continues to monitor China's compliance with the DSB recommendations and rulings.

The United States also continues to monitor EU compliance with a 2005 ruling of the DSB that the EU's regulation on food-related GIs was inconsistent with the EU's obligations under the TRIPS Agreement and the GATT 1994. The United States has raised certain questions and concerns with regard to the revised EU regulation and its compliance with the DSB findings and recommendations, and continues to monitor implementation in this dispute.

The United States also continues to monitor WTO Members' implementation of their TRIPS Agreement obligations and will consider the further use of the WTO dispute settlement mechanism as appropriate.

*Technical Cooperation and Capacity Building:* As in each past year, the United States and other Members provided reports on their activities in connection with technical cooperation and capacity building for consideration at the fall TRIPS Council meeting (October 2015) (see IP/C/W/610/Add.5). Priority needs reports submitted by LDCs were discussed in the TRIPS Council as well as in informal consultations.

*Implementation of Article 66.2:* Article 66.2 of the TRIPS Agreement requires developed country Members to provide incentives for enterprises and institutions in their territories to promote and encourage technology transfer to LDC Members in order to enable them to create a sound and viable technological base. This provision was reaffirmed in the Doha Decision on Implementation related Issues and Concerns, and the TRIPS Council was directed to put in place a mechanism for ensuring monitoring and full implementation of the obligation. Developed country Members are required to provide detailed reports every third year,

with annual updates, on these incentives. In October 2015, the United States provided an updated report on specific U.S. Government institutions and incentives, as required (*see* IP/C/W/611/Add.5/Rev.1).

*Implementation of the TRIPS Agreement by LDCs:* On June 11, 2013, the TRIPS Council reached consensus on a decision to extend the transition period under Article 66.1 of the TRIPS Agreement for least-developed WTO Members. Under this decision, LDCs are not required to apply the provisions of the TRIPS Agreement, other than Articles 3, 4, and 5, until July 1, 2021, or until such a date on which they cease to be a LDC Member, whichever date is earlier. On November 6, 2015, the TRIPS Council reached consensus to extend the transition period for LDC Members to implement Sections 5 and 7 of the TRIPS Agreement with respect to pharmaceutical products until January 1, 2033, and reached consensus to recommend waiving Articles 70.8 and 70.9 of the TRIPS Agreement with respect to pharmaceuticals also until January 1, 2033, which the WTO General Council adopted on November 30, 2015.

*Non-Violation and Situation Complaints:* On November 23, 2015, the TRIPS Council reached agreement to extend the moratorium on non-violation and situation complaints under the TRIPS Agreement for two years until the next Ministerial in 2017. The moratorium was originally introduced in Article 64 of the TRIPS Agreement, for a period of five years following the entry into force of the WTO Agreement (i.e., until December 31, 1999). The moratorium has been referred to and extended in several WTO Ministerial documents, most recently in 2013. In 2015, the TRIPS Council intensified its discussions on this issue, including on the basis of a communication by the United States to the Council outlining the U.S. position on non-violation and situation complaints. This communication (document number IP/C/W/599) addressed the relevant TRIPS Agreement provisions, WTO and GATT disputes, and provided responses to issues raised by other WTO Members.

**Prospects for 2016**

In 2016, the TRIPS Council will continue to focus on IP and innovation as well as its built-in agenda, including possibly issues related to the LDC transition period for implementing the TRIPS Agreement, on the relationship between the TRIPS Agreement and the CBD, and on traditional knowledge and folklore, as well as enforcement and other relevant new developments.

U.S. objectives for 2016 continue to be to:

- resolve differences through consultations and use of dispute settlement procedures, where appropriate;
- continue efforts to ensure that developing country Members fully implement the TRIPS Agreement;
- engage in constructive dialogue with WTO members, including regarding the technical assistance and capacity-related needs of developing countries, and especially LDCs, in connection with TRIPS Agreement implementation;
- continue to encourage a fact-based discussion within the TRIPS Council regarding TRIPS Agreement provisions;
- ensure that provisions of the TRIPS Agreement are not weakened;
- continue to advance discussions on IP and Innovation, including through data-driven discussions on IPR that promote concrete outcomes; and
- intensify discussions within the TRIPS Council on the application of NVNI under the TRIPS Agreement.

# G. Council for Trade in Services

**Status**

The GATS is the first multilateral, legally-enforceable agreement covering trade and investment in the services sector. The GATS is designed to reduce or eliminate governmental measures that prevent services from being freely supplied across borders or from within an economy through locally-established services firms with foreign ownership. The GATS includes specific commitments by WTO Members to restrict their use of restrictive measures and provides a forum for further negotiations to open services markets over time.

The Council for Trade in Services (CTS) oversees implementation of the GATS and reports to the General Council. This includes a technical review of GATS Article XX.2 provisions; review of waivers from specific commitments pursuant to paragraphs 3 and 4 of Article IX of the Marrakesh Agreement Establishing the WTO; a periodic review of developments in the air transport sector; the transitional review mechanism under Section 18 of the Protocol on the Accession of the People's Republic of China; implementation of GATS Article VII; a review of Article II exemptions (to most-favored nation treatment); and notifications made to the General Council pursuant to GATS Articles III.3, V.5, V.7, and VII.4. Four subsidiary bodies report to the CTS: The Committee on Specific Commitments, the Committee on Trade in Financial Services, the Working Party on Domestic Regulation, and the Working Party on GATS Rules.

**Major Issues in 2015**

The CTS met several times during 2015. The CTS received a number of notifications pursuant to GATS Article III:3 (transparency) and GATS Article V:7 (economic integration).

The operationalization of the LDC services waiver was discussed frequently during the year. The December 2013 Ministerial Decision mandated the Council to initiate a process aimed at operationalizing the waiver. Through this process, the LDC Group submitted a collective request in July 2014, which contained an extensive list of areas in which LDCs were seeking to receive preferential treatment with regard to the services trade policies of other Members. A high-level meeting was held in early 2015 at which Members in a position to do so indicated any preferences they were prepared to extend in response to the collective request. At mid-year 2015, individual Members began submitting formal notifications of treatment they were applying pursuant to waiver. By year end, nineteen Members had submitted notifications, including the United States.

**Prospects for 2016**

The CTS will continue discussions related to its mandated reviews and various notifications related to GATS implementation, as well as other topics raised by Members.

## 1. Committee on Trade in Financial Services

**Status**

The Committee on Trade in Financial Services (CTFS) provides a forum for Members to explore financial services market access and regulatory issues, including implementation of existing trade commitments.

**Major Issues in 2015**

The CTFS met in March and June 2015.

Members continued to monitor acceptance of the Fifth Protocol to the GATS. In accepting the protocol, financial services commitments made in 1994 would be replaced by those agreed to during the 1995-1997 extended negotiations on financial services. All Members have accepted the protocol with the exception of Brazil.

The CTFS continued its work on regulatory issues in financial services. The Committee invited representatives of the Financial Action Task Force to present on the objectives of the organization and recent developments in the financial sector.

The topic of trade in financial services and development continued to receive attention from the CTFS. During the year, the CTFS continued discussion on financial inclusion, based on the Background Note, "Financial Inclusion and the GATS" prepared by the Secretariat at the request of CTFS members. Argentina, China, India, Korea, Nigeria, Russia, and Turkey each made presentations on their respective approaches to financial inclusion.

**Prospects for 2016**

The CTFS will continue to use its broad and flexible mandate to discuss various issues, including ratification of existing commitments as well as market access and regulatory issues. Discussions will continue on trade in financial services and development, as well as on regulatory and technical issues.

## 2. Working Party on Domestic Regulation

**Status**

GATS Article VI:4 on Domestic Regulation provides for Members to develop any necessary disciplines relating to qualification requirements and procedures, technical standards, and licensing requirements and procedures. A Ministerial Decision assigned priority to the professional services sector, and Members subsequently established the Working Party on Professional Services (WPPS). In May 1997, the WPPS developed Guidelines for the Negotiation of Mutual Recognition Agreements in the Accountancy Sector, adopted by the WTO. The WPPS completed Disciplines on Domestic Regulation in the Accountancy Sector in December 1998, although their full implementation is suspended pending completion of the ongoing round of services negotiations. The text of these disciplines is found in WTO document S/L/64 (December 17, 1998).

In May 1999, the CTS established the Working Party on Domestic Regulation (WPDR), which took on the mandate of the WPPS. The WPDR is charged with determining whether any new disciplines are deemed necessary beyond those negotiated for the accountancy sector. At the December 2005 Hong Kong Ministerial Conference, Ministers directed the WPDR to develop disciplines on domestic regulation pursuant to the mandate under Article VI:4 of the GATS before the end of the current round of negotiations.

**Major Issues in 2015**

The WPDR met in March and June 2015.

During 2015, Members continued discussing their experiences with domestic regulation disciplines in services provisions of regional trade agreements (RTAs). The discussion has revealed that domestic regulation provisions in RTAs have generally been based upon existing GATS obligations, as well as the negotiating mandate contained in Article VI:4. A representative of the International Organization for Standardization (ISO) updated the Working Party on activities of the ISO in the field of services standards, and replied to questions by members of the Working Party. There was no text-based negotiation of domestic regulation disciplines in the WPDR during 2015.

The United States continues to take the view that any horizontal disciplines must advance regulatory transparency while respecting the right of WTO Members to regulate, as recognized by the GATS, in a manner which meets the legitimate policy objectives of national and subnational regulatory authorities.

**Prospects for 2016**

At this time, no meetings of the WPDR have been scheduled during 2016, and the future focus of the Working Group is not clear.

## 3. Working Party on GATS Rules

**Status**

The Working Party on GATS Rules (WPGR) provides a forum to discuss the possibility of new disciplines on emergency safeguard measures, government procurement, and subsidies in the context of the GATS in accordance with the Doha Work Program resulting from the Hong Kong Ministerial Conference in December 2005. That program called for Members to intensify their efforts to conclude the negotiations on rulemaking under GATS Articles X (emergency safeguard mechanism), Article XIII (government procurement), and Article XV (subsidies).

**Major Issues in 2015**

The WPGR met in March and June 2015.

The WPGR continued its technical discussion to examine so-called emergency safeguard provisions in regional trade agreements (RTAs). However, there was little engagement by Members. On government procurement of services, Members continued discussing a draft WTO Staff Working Paper on the scope of government procurement related commitments in RTAs. The EU delegation proposed that the WPGR analyze how Members treat foreign-owned or controlled service suppliers established in their markets with respect to government procurement; however, Members have not agreed to address this topic. With respect to subsidies, the WPGR continued to face an impasse among Members on next steps for advancing this issue; there was little discussion of this issue during 2015. The United States continues to press for responses to a series of questions it put forward in 2010 (contained in document S/WPGR/W/59), designed to identify specific concerns that new subsidies disciplines would aim to address. To date, there has not been a single response. Absent any real evidence of a problem to solve, Members have no clear impetus to begin developing new disciplines.

**Prospects for 2016**

At this time, no meetings of the WPGR have been scheduled during 2016, and the future focus of the Working Group is not clear.

## 4. Committee on Specific Commitments

**Status**

The Committee on Specific Commitments (CSC) examines ways to improve the technical accuracy of scheduling commitments, primarily in preparation for the GATS negotiations, and oversees the application of the procedures for the modification of schedules under GATS Article XXI. The CSC also oversees implementation of commitments in Members' schedules in sectors for which there is no sectoral committee, which is currently the case for all sectors except financial services.

**Major Issues in 2015**

The CSC held meetings in March, June, and October 2015. The CSC continued its work on "new services," based on the informal Secretariat Note prepared by the Secretariat at the request of CSC members. The Committee did not take up any substantive discussions on scheduling issues during 2015.

**Prospects for 2016**

Work will continue on technical issues and new services.

# H. Dispute Settlement Understanding

**Status**

The Understanding on Rules and Procedures Governing the Settlement of Disputes (Dispute Settlement Understanding or DSU), which is annexed to the WTO Agreement, provides a mechanism to settle disputes under the Uruguay Round Agreements. Thus, it is key to the enforcement of U.S. rights under these Agreements.

The DSU is administered by the DSB, which consists of representatives of the entire membership of the WTO and is empowered to establish dispute settlement panels, adopt panel and Appellate Body reports, oversee the implementation of panel recommendations adopted by the DSB, and authorize retaliation. The DSB makes all its decisions by consensus unless the WTO Agreement provides otherwise.

**Major Issues in 2015**

The DSB met 18 times in 2015 to oversee disputes and to address responsibilities such as appointing members to the Appellate Body and approving additions to the roster of governmental and nongovernmental panelists.

*Roster of Governmental and Non-Governmental Panelists:* Article 8 of the DSU makes it clear that panelists may be drawn from either the public or private sector and must be "well-qualified," such as persons who have served on or presented a case to a panel, represented a government in the WTO or the GATT, served with the Secretariat, taught or published in the international trade field, or served as a senior trade policy official. Since 1985, the Secretariat has maintained a roster of nongovernmental experts for GATT 1947 dispute settlement, which has been available for use by parties in selecting panelists. In 1995, the DSB agreed on procedures for renewing and maintaining the roster, and expanding it to include governmental experts. In response to a U.S. proposal, the DSB also adopted standards increasing and systematizing the information submitted by roster candidates. These modifications aid in evaluating

candidates' qualifications and encouraging the appointment of well qualified candidates who have expertise in the subject matters of the Uruguay Round Agreements. In 2015, the DSB approved by consensus a number of additional names for the roster. The United States scrutinized the credentials of these candidates to assure the quality of the roster.

Pursuant to the requirements of the Uruguay Round Agreements Act (URAA), the present WTO panel roster appears in the background information in Annex II. The list in the roster notes the areas of expertise of each roster member (goods, services, and/or TRIPS).

*Rules of Conduct for the DSU:* The DSB completed work on a code of ethical conduct for WTO dispute settlement and, on December 3, 1996, adopted the Rules of Conduct for the Understanding on Rules and Procedures Governing the Settlement of Disputes. A copy of the Rules of Conduct was printed in the Annual Report for 1996 and is available on the WTO and USTR websites. There were no changes in these Rules in 2015.

The Rules of Conduct elaborate on the ethical standards built into the DSU to maintain the integrity, impartiality, and confidentiality of proceedings conducted under the DSU. The Rules of Conduct require all individuals called upon to participate in dispute settlement proceedings to disclose direct or indirect conflicts of interest prior to their involvement in the proceedings and to conduct themselves during their involvement in the proceedings so as to avoid such conflicts.

The Rules of Conduct also provide parties an opportunity to address potential material violations of these ethical standards. The coverage of the Rules of Conduct exceeds the goals established by the U.S. Congress in section 123(c) of the URAA, which directed USTR to seek conflict of interest rules applicable to persons serving on panels and members of the Appellate Body. The Rules of Conduct cover not only panelists and Appellate Body members, but also: (1) arbitrators; (2) experts participating in the dispute settlement mechanism (*e.g.*, the Permanent Group of Experts under the SCM Agreement); (3) members of the WTO Secretariat assisting a panel or assisting in a formal arbitration proceeding; and (4) the support staff of the Appellate Body.

As noted above, the Rules of Conduct established a disclosure based system. Examples of the types of information that covered persons must disclose are set forth in Annex II to the Rules, and include: (1) financial interests, business interests, and property interests relevant to the dispute in question; (2) professional interests; (3) other active interests; (4) considered statements of personal opinion on issues relevant to the dispute in question; and (5) employment or family interests.

*Appellate Body:* Pursuant to the DSU, the DSB appoints seven persons to serve on an Appellate Body, which is to be a standing body with members serving four year terms, except for three initial appointees determined by lot whose terms expired at the end of two years. At its first meeting on February 10, 1995, the DSB formally established the Appellate Body, and agreed to arrangements for selecting its members and staff. The DSB also agreed that Appellate Body members would serve on a part-time basis and sit periodically in Geneva. The original seven Appellate Body members were Mr. James Bacchus of the United States, Mr. Christopher Beeby of New Zealand, Mr. Claus-Dieter Ehlermann of Germany, Mr. Said El-Naggar of Egypt, Mr. Florentino Feliciano of the Philippines, Mr. Julio Lacarte-Muró of Uruguay, and Mr. Mitsuo Matsushita of Japan. On June 25, 1997, it was determined by lot that the terms of Messrs. Ehlermann, Feliciano, and Lacarte-Muró would expire in December 1997. The DSB agreed on the same date to reappoint them for a final term of four years commencing on December 11, 1997. At its meeting held on October 27, 1999 and November 3, 1999, the DSB agreed to renew the terms of Messrs. Bacchus and Beeby for a final term of four years, commencing on December 11, 1999, and to extend the terms of Mr. El-Naggar and Mr. Matsushita until the end of March 2000. On April 7, 2000, the DSB agreed to appoint Mr. Georges Michel Abi-Saab of Egypt and Mr. A.V. Ganesan of India to a term of four years

commencing on June 1, 2000. On May 25, 2000, the DSB agreed to the appointment of Mr. Yasuhei Taniguchi of Japan to serve through December 10, 2003, the remainder of the term of Mr. Beeby, who passed away on March 19, 2000. On September 25, 2001, the DSB agreed to appoint Mr. Luiz Olavo Baptista of Brazil, Mr. John S. Lockhart of Australia, and Mr. Giorgio Sacerdoti of Italy to a term of four years commencing on December 11, 2001. On November 7, 2003, the DSB agreed to appoint Ms. Merit Janow of the United States to a term of four years commencing on December 11, 2003, to reappoint Mr. Taniguchi for a final term of four years commencing on December 11, 2003, and to reappoint Mr. Abi-Saab and Mr. Ganesan for a final term of four years commencing on June 1, 2004. On September 27, 2005, the DSB agreed to reappoint Mr. Baptista, Mr. Lockhart, and Mr. Sacerdoti for a final term of four years commencing on December 12, 2005. On July 31, 2006, the DSB agreed to the appointment of Mr. David Unterhalter of South Africa to serve through December 11, 2009, the remainder of the term of Mr. Lockhart, who passed away on January 13, 2006. At its meeting held on November 19 and 27, 2007, the DSB agreed to appoint Ms. Lilia R. Bautista of the Philippines and Ms. Jennifer Hillman of the United States as members of the Appellate Body for four years commencing on December 11, 2007, and to appoint Mr. Shotaro Oshima of Japan and Ms. Yuejiao Zhang of China as members of the Appellate Body for four years commencing on June 1, 2008. On November 12, 2008, Mr. Baptista notified the DSB that he was resigning for health reasons, effective in 90 days. On December 22, 2008, the DSB decided to deem the term of the position to which Mr. Baptista was appointed to expire on June 30, 1999, and to fill the position previously held by Mr. Baptista for a four-year term. On June 19, 2009, the DSB agreed to appoint Mr. Ricardo Ramírez Hernández of Mexico as a member of the Appellate Body for four years commencing on July 1, 2009, to appoint Mr. Peter Van den Bossche of Belgium as a member of the Appellate Body for four years commencing on December 12, 2009, and to reappoint Mr. Unterhalter for a final term of four years commencing on December 12, 2009. On November 18, 2011, the DSB agreed to appoint Mr. Thomas Graham of the United States and Mr. Ujal Bhatia of India as members of the Appellate Body for four years commencing on December 11, 2011. On May 24, 2012, the DSB agreed to appoint Mr. Seung Wha Chang of Korea as a member of the Appellate Body for four years commencing on June 1, 2012, and to reappoint Ms. Zhang for a final term of four years commencing on June 1, 2012. On March 26, 2013, the DSB agreed to reappoint Mr. Ramírez Hernández of Mexico for a final term of four years commencing on July 1, 2013. On November 25, 2013, the DSB agreed to reappoint Mr. Van den Bossche of Belgium for a final term of four years commencing on December 12, 2013. On September 26, 2014, the DSB agreed to appoint Mr. Shree Baboo Chekitan Servansing of Mauritius to a term of four years commencing on October 1, 2014. On November 25, 2015, the DSB agreed to reappoint Mr. Bhatia of India and Mr. Graham of the United States for a final term of four years each commencing on December 11, 2015 (*the names and biographical data for the Appellate Body members during 2015 are included in Annex II of this report*).

The Appellate Body has also adopted Working Procedures for Appellate Review. On February 28, 1997, the Appellate Body issued a revision of the Working Procedures, providing for a two year term for the first Chairperson, and one year terms for subsequent Chairpersons. In 2001, the Appellate Body amended its working procedures to provide for no more than two consecutive terms for a Chairperson. Mr. Lacarte-Muró, the first Chairperson, served until February 7, 1998; Mr. Beeby served as Chairperson from February 7, 1998 to February 6, 1999; Mr. El-Naggar served as Chairperson from February 7, 1999 to February 6, 2000; Mr. Feliciano served as Chairperson from February 7, 2000 to February 6, 2001; Mr. Ehlermann served as Chairperson from February 7, 2001 to December 10, 2001; Mr. Bacchus served as Chairperson from December 15, 2001 to December 10, 2003; Mr. Abi-Saab served as Chairperson from December 13, 2003 to December 12, 2004; Mr. Taniguchi served as Chairperson from December 17, 2004 to December 16, 2005; Mr. Ganesan served as Chairperson from December 17, 2005 to December 16, 2006; Mr. Sacerdoti served as Chairperson from December 17, 2006 to December 17, 2007; Mr. Baptista served as Chairperson from December 18, 2007, to December 17, 2008; Mr. Unterhalter served as Chairperson from December 18, 2008 to December 16, 2010; Ms. Bautista served as Chairperson from December 17, 2010 to June 14, 2011; Ms. Hillman served as Chairperson from June 15, 2011 until December 10, 2011; Ms. Zhang served as Chairperson from December 11, 2011 to December 31, 2012; Mr. Ramirez served as

Chairperson from January 1, 2013 to December 31, 2014; and Mr. Peter Van den Bossche served as Chairperson from January 1, 2015 to December 31, 2015.

In 2015, the Appellate Body issued nine reports on the following issues: (1) on challenges by the EU, the United States, and Japan to Argentina's import restrictions; (2) on a challenge by Vietnam to U.S. anti-dumping measures on shrimp; (3) on challenges by Canada and Mexico to U.S. compliance in the country of origin labeling for meat dispute; (4) on a challenge by the United States to India's import restrictions on U.S. agricultural products; (5) on a challenge by Guatemala to Peru's additional import duties on agricultural products; and (6) on a challenge by Mexico to U.S. compliance in the dispute involving dolphin safe labeling for tuna products. In the disputes in which it was not a party, the United States participated as a third party.

*Dispute Settlement Activity in 2015:* During the DSB's first 21 years in operation, WTO Members filed 501 requests for consultations (22 in 1995, 42 in 1996, 46 in 1997, 44 in 1998, 31 in 1999, 30 in 2000, 27 in 2001, 37 in 2002, 26 in 2003, 19 in 2004, 11 in 2005, 20 in 2006, 14 in 2007, 19 in 2008, 14 in 2009, 17 in 2010, 8 in 2011, 27 in 2012, 17 in 2013; 15 in 2014, and 13 in 2015). During that period, the United States filed 108 complaints against other Members' measures and received 122 complaints on U.S. measures. Several of these complaints involved the same issues as other complaints. A number of disputes commenced in earlier years remained active in 2015. What follows is a description of those disputes in which the United States was a complainant, defendant, or third party during the past year.

**Prospects for 2016**

While there were improvements to the multilateral trading system's dispute settlement system as a result of the Uruguay Round, there is still room for improvement. Accordingly, the United States has used the opportunity of the ongoing review to seek improvements in its operation, including greater transparency. In 2016, the United States expects the DSB to continue to focus on the administration of the dispute settlement process in the context of individual disputes. Experience gained with the DSU will be incorporated into the U.S. litigation and negotiation strategy for enforcing U.S. WTO rights, as well as the U.S. position on DSU reform. Participants will continue to consider reform proposals in 2016.

**Disputes Brought by the United States**

In 2015, the United States continued to be one of the most active participants in the WTO dispute settlement process. This section includes brief summaries of dispute settlement activity in 2015 where the United States was a complainant (listed alphabetically by responding party). As demonstrated by these summaries, the WTO dispute settlement process has proven to be an effective tool in combating barriers to U.S. exports. Indeed, in a number of cases the United States has been able to achieve satisfactory outcomes by invoking the consultation provisions of the dispute settlement procedures, without recourse to formal panel proceedings.

*Argentina — Measures Affecting the Importation of Goods (DS444)*

On August 21, 2012, the United States requested consultations with Argentina regarding certain measures affecting the importation of goods into Argentina. These measures include the broad use of non-transparent and discretionary import licensing requirements that have the effect of restricting U.S. exports as well as burdensome trade balancing commitments that Argentina requires as a condition for authorization to import goods.

Between 2008 and 2013, Argentina greatly expanded the list of products subject to non-automatic import licensing requirements, with import licenses 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. 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, the United States was concerned that Argentina was acting inconsistently with its WTO obligations, including with 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 United States was also concerned the measures breached various provisions of the *Agreement on Import Licensing Procedures*, which contains requirements related to the administrative procedures used to implement import licensing regimes.

The United States and Argentina held consultations on September 20-21, 2012, but these consultations failed to resolve the dispute. On December 17, 2012, the United States, together with the EU and Japan, requested the WTO to establish a dispute settlement panel to examine Argentina's import restrictions, and a panel was established on January 28, 2013. The Director General composed the panel as follows: Ms. Leora Blumberg, Chair; and Ms. Claudia Orozco and Mr. Graham Sampson, Members.

Argentina repealed its product-specific non-automatic import licenses which had been the subject of consultations and the U.S. panel request on January 25, 2013. However, it continued to maintain a discretionary non-automatic import licensing requirement applicable to all goods imported into Argentina, as well as informal trade balancing and similar requirements.

On August 22, 2014, the Panel issued its report. The Panel found Argentina's import licensing requirement and its trade balancing requirements to be inconsistent with Article XI of the GATT 1994.

On September 26, 2014, Argentina appealed the panel findings. The parties made written submissions to the Appellate Body during the fall of 2014, and the Appellate Body held an oral hearing on November 3 and 4, 2014.

The Appellate Body issued its report on January 15, 2015. In its report, the Appellate Body rejected Argentina's arguments, upholding the Panel's findings that Argentina's import licensing requirement and trade balancing requirements are inconsistent with Article XI of the GATT 1994. On January 26, 2015, the DSB adopted the panel and Appellate Body reports.

At the DSB meeting held on February 23, 2015, Argentina informed the DSB that it intended to implement the DSB's recommendations and rulings in a manner that respects its WTO obligations, and that it would need a reasonable period of time (RPT) to do so. The United States and Argentina agreed that the RPT would be 11 months and 5 days, ending on December 31, 2015. In December 2015, Argentina issued modified import licensing requirements. The United States has significant questions about how the adoption of these measures could serve to bring Argentina's import licensing measures into compliance with its WTO obligations, and the United States is working to address these concerns.

*China – Measures Affecting Trading Rights and Distribution Services for Certain Publications and Audiovisual Entertainment Products (DS363)*

On April 10, 2007, the United States requested consultations with China regarding certain measures related to the import and/or distribution of imported films for theatrical release, audiovisual home entertainment products (*e.g.*, video cassettes and DVDs), sound recordings, and publications (*e.g.*, books, magazines, newspapers, and electronic publications). On July 10, 2007, the United States requested supplemental

consultations with China regarding certain measures pertaining to the distribution of imported films for theatrical release and sound recordings.

Specifically, the United States was concerned that certain Chinese measures: (1) restricted trading rights (such as the right to import goods into China) with respect to imported films for theatrical release, audiovisual home entertainment products, sound recordings, and publications; and (2) restricted market access for, or discriminated against, imported films for theatrical release and sound recordings in physical form, and foreign service providers seeking to engage in the distribution of certain publications, audiovisual home entertainment products, and sound recordings. The Chinese measures at issue appeared to be inconsistent with several WTO provisions, including provisions in the GATT 1994 and GATS, as well as specific commitments made by China in its WTO accession agreement.

The United States and China held consultations on June 5-6, 2007 and July 31, 2007, but they did not resolve the dispute. On October 10, 2007, the United States requested the establishment of a panel, and on November 27, 2007, a panel was established. On March 27, 2008, the Director General composed the panel as follows: Mr. Florentino P. Feliciano, Chair; and Mr. Juan Antonio Dorantes and Mr. Christian Häberli, Members.

The report of the panel was circulated to WTO Members and made public on August 12, 2009. In the final report, the panel made three critical sets of findings. First, the panel found that China's restrictions on foreign invested enterprises (and in some cases foreign individuals) from importing films for theatrical release, audiovisual home entertainment products, sound recordings, and publications are inconsistent with China's trading rights commitments as set forth in China's protocol of accession to the WTO. The panel also found that China's restrictions on the right to import these products are not justified by Article XX(a) of the GATT 1994. Second, the panel found that China's prohibitions and discriminatory restrictions on foreign owned or controlled enterprises seeking to distribute publications and audiovisual home entertainment products and sound recordings over the Internet are inconsistent with China's obligations under the GATS. Third, the panel also found that China's treatment of imported publications is inconsistent with the national treatment obligation in Article III:4 of the GATT 1994.

In September 2009, China filed a notice of appeal to the WTO Appellate Body, appealing certain of the panel's findings. First, China contended that its restrictions on importation of the products at issue are justified by an exception related to the protection of public morals. Second, China claimed that while it had made commitments to allow foreign enterprises to partner in joint ventures with Chinese enterprises to distribute music, those commitments did not cover the electronic distribution of music. Third, and finally, China claimed that its import restrictions on films for theatrical release and certain types of sound recordings and DVDs were not inconsistent with China's commitments related to the right to import because those products were not goods and therefore were not subject to those commitments. The United States filed a cross appeal on one aspect of the panel's analysis of China's defense under GATT Article XX(a). On December 21, 2009, the Appellate Body issued its report. The Appellate Body rejected each of China's claims on appeal. The Appellate Body also found that the Panel had erred in the aspect of the analysis that the United States had appealed. The DSB adopted the Appellate Body and panel reports on January 19, 2010. On July 12, 2010, the United States and China notified the DSB that they had agreed on a 14 month period of time for implementation, to end on March 19, 2011.

China subsequently issued several revised measures, and repealed other measures, relating to the market access restrictions on books, newspapers, journals, DVDs and music. As China acknowledged, however, it did not issue any measures addressing theatrical films. Instead, China proposed bilateral discussions with the United States in order to seek an alternative solution. The United States and China reached agreement in February 2012 on a Memorandum of Understanding (MOU) providing for substantial increases in the number of foreign films imported and distributed in China each year and substantial additional revenue for

foreign film producers. The MOU will be reviewed after five years in order to discuss additional compensation for the U.S. side.

*China – Measures Relating to the Exportation of Various Raw Materials (DS394)*

On June 23, 2009, the United States requested consultations with China regarding China's export restraints on a number of important raw materials. The materials at issue are: bauxite, coke, fluorspar, magnesium, manganese, silicon metal, silicon carbide, yellow phosphorus, and zinc. These materials are inputs for numerous downstream products in the steel, aluminum, and chemical sectors.

The United States challenged China's export restraints on these raw materials as inconsistent with several WTO provisions, including provisions in the GATT 1994, as well as specific commitments made by China in its WTO accession agreement. Specifically, the United States challenged certain Chinese measures that impose: (1) quantitative restrictions in the form of quotas on exports of bauxite, coke, fluorspar, silicon carbide, and zinc ores and concentrates, as well as certain intermediate products incorporating some of these inputs; and (2) export duties on several raw materials. The United States also challenged other related export restraints, including export licensing restrictions, minimum export price requirements, and requirements to pay certain charges before certain products can be exported, as well as China's failure to publish relevant measures.

The United States and China held consultations on July 30 and September 1-2, 2009, but did not resolve the dispute. The EU and Mexico also requested and held consultations with China on these measures. On November 19, 2009, the EU and Mexico joined the United States in requesting the establishment of a panel, and on December 21, 2009, the WTO DSB established a single panel to examine all three complaints. On March 29, 2010, the Director General composed the panel as follows: Mr. Elbio Rosselli, Chair; Ms. Dell Higgie and Mr. Nugroho Wisnumurti, Members.

The panel's final report was circulated to Members on July 5, 2011. The panel found that the export duties and export quotas that China maintains on various forms of bauxite, coke, fluorspar, magnesium, manganese, silicon carbide, silicon metal, and zinc constitute a breach of WTO rules and that China failed to justify those measures as legitimate conservation measures, environmental protection measures, or short supply measures. The panel also found that China's imposition of minimum export price, export licensing, and export quota administration requirements on these materials, as well as China's failure to publish certain measures related to these requirements, is inconsistent with WTO rules.

On January 30, 2012, the Appellate Body issued a report affirming the panel's findings on all significant claims. In particular, the Appellate Body confirmed that: China may not seek to justify its imposition of export duties as environmental or conservation measures; China failed to demonstrate that certain of its export quotas were justified as measures for preventing or relieving a critical shortage; and the Panel correctly made recommendations for China to bring its measures into conformity with its WTO obligations. The Appellate Body also found that the panel erred in making findings related to licensing and administration claims, declaring those findings moot, and erred in its legal interpretation of one element of the exception set forth in Article XX(g) of the GATT 1994.

The DSB adopted the Appellate Body report, and the panel report as modified by the Appellate Body report, on February 22, 2012. The United States, the EU, Mexico, and China agreed that China would have until December 31, 2012, to comply with the rulings and recommendations.

At the conclusion of the RPT for China to comply, it appeared that China had eliminated the export duties and export quotas on the products at issue in this dispute, as of January 1, 2013. However, China maintains

export licensing requirements for a number of the products. The United States continues to monitor actions by China that might operate to restrict exports of raw materials at issue in this dispute.

*China – Certain Measures Affecting Electronic Payment Services (DS413)*

On September 15, 2010, the United States requested consultations with China concerning issues relating to certain restrictions and requirements maintained by China pertaining to electronic payment services (EPS) for payment card transactions and the suppliers of those services. EPS enable transactions involving credit card, debit card, charge card, check card, automated teller machine (ATM) card, prepaid card, or other similar card or money transmission product, and manage and facilitate the transfers of funds between institutions participating in such card-based electronic payment transactions.

EPS provide the essential architecture for card-based electronic payment transactions, and EPS are supplied through complex electronic networks that streamline and process transactions and offer an efficient and reliable means to facilitate the movement of funds from the cardholders purchasing goods or services to the individuals or businesses that supply them. EPS consist of a network, rules and procedures, and operating system that allow cardholders' banks to pay merchants' banks the amounts they are owed. EPS suppliers receive, check and transmit the information that processors need to conduct the transactions. The rules and procedures established by the EPS supplier give the payment system stability and integrity, and enable net payment flows among the institutions involved in card-based electronic transactions. The best known EPS suppliers are credit and debit card companies based in the United States.

China instituted and maintains measures that operate to block foreign EPS suppliers, including U.S. suppliers, from supplying these services, and that discriminate against foreign suppliers at every stage of a card-based electronic payment transaction. The United States challenged China's measures affecting EPS suppliers as inconsistent with China's national treatment and market access commitments under the GATS.

The United States and China held consultations on October 27 and 28, 2010, but these consultations did not resolve the dispute. The United States requested the establishment of a panel on February 11, 2011. On March 25, 2011, the DSB established a panel to consider the claims of the United States. On July 4, 2011, the Director General composed the panel as follows: Mr. Virachai Plasai, Chair; and Ms. Elaine Feldman and Mr. Martín Redrado, Members. The panel held its meetings with the parties on October 26-27, 2011, and December 13-14, 2011.

The Panel issued its report to the Parties on May 25, 2012. The Panel Report was circulated to the WTO Membership on July 16, 2012. China did not appeal the Panel's findings, and the Panel Report was adopted by the DSB on August 31, 2012.

The United States prevailed on significant threshold issues, including:

- EPS is a single service (or EPS are integrated services) and each element of EPS is necessary for a payment card transaction to occur.

- EPS is properly classified under the same subsector, item (viii) of the GATS Annex on Financial Services, which appears as subsector (d) of China's Schedule ("All payment and money transmission services, including credit, charge, and debit cards…") as the United States argued, and no element of EPS is classified as falling in item xiv of the GATS Annex on Financial services ("settlement and clearing of financial assets, including securities, derivative products, and other negotiable instruments"), as China argued and for which China has no WTO commitments.

- In addition to the "four-party" model of EPS (*e.g.*, Visa and MasterCard), the "three-party" model *(e.g.*, American Express) and other variations, and third party issuer processor and merchant processors also are covered by subsector (d) of China's Schedule.

With respect to the U.S. GATS national treatment claims, the Panel found the following violations:

- China imposes requirements on issuers of payment cards that payment cards issued in China bear the "Yin Lian/UnionPay logo," and furthermore, through these, China requires issuers to become members of the CUP network, and that the cards they issue in China meet certain uniform business specifications and technical standards, and that these requirements fail to accord to services and service suppliers of any other Member treatment no less favorable than China accords to its own like services and service suppliers;

- China imposes requirements that all terminals (ATMs, merchant processing devices, and point of sale (POS) terminals) in China that are part of the national card inter-bank processing network be capable of accepting all payment cards bearing the Yin Lian/UnionPay logo, and that these requirements fail to accord to services and service suppliers of any other Member treatment no less favorable than China accords to its own like services and service suppliers;

- China imposes requirements on acquirers (those institutions that acquire payment card transactions and that maintain relationships with merchants) to post the Yin Lian/UnionPay logo, and furthermore, China imposes requirements that acquirers join the CUP network and comply with uniform business standards and technical specifications of inter-bank interoperability, and that terminal equipment operated or provided by acquirers be capable of accepting bank cards bearing the Yin Lian/UnionPay logo, and that these requirements fail to accord to services and service suppliers of any other Member treatment no less favorable than China accords to its own like services and service suppliers;

With respect to the U.S. GATS market access claims, the Panel found that China's requirements related to certain Hong Kong and Macao transactions are inconsistent with Article XVI:2(a) of the GATS because, contrary to China's Sector 7.B(d) mode 3 market access commitments, China maintains a limitation on the number of service suppliers in the form of a monopoly.

The United States and China agreed that a RPT for China to implement the DSB recommendations and rulings would be 11 months from the date of adoption of the recommendations and rulings, that is, until July 31, 2013.

To date, China has taken some compliance steps by removing certain restrictive measures. However, China continues to block market access for foreign EPS suppliers. In particular, China has not adopted regulations under which foreign EPS suppliers could apply for approval to operate in China.

In April 2015, the State Council of China issued a formal decision announcing that China's market would be open to foreign suppliers that seek to provide EPS for domestic currency payment card transactions. The People's Bank of China followed this in July 2015 by publishing a draft licensing regulation for public comment. The United States continues to press China to complete the adoption of the regulatory mechanisms needed to provide market access for foreign EPS suppliers.

*China – Countervailing and Anti-Dumping Duties on Grain Oriented Flat-rolled Electrical Steel from the United States (DS414)*

On September 15, 2010, the United States filed a request for consultations regarding China's imposition of antidumping duties and countervailing duties on imports of grain oriented flat rolled electrical steel (GOES) from the United States.

In June 2009, China's Ministry of Commerce (MOFCOM) initiated two investigations on GOES from the United States. On April 10, 2010, based on determinations that American steel had been dumped into their market and subsidized, MOFCOM imposed antidumping duties ranging from 7.8 percent to 64.8 percent and countervailing duties ranging from 11.7 percent and 44.6 percent.

China's antidumping and subsidy determinations in the GOES investigations appeared to violate numerous WTO requirements. Specifically, the United States was concerned, *inter alia*, that China initiated the countervailing duty investigation without sufficient evidence; failed to objectively examine the evidence; failed to disclose "essential facts" underlying its conclusions; failed to provide an adequate explanation of its calculations and legal conclusions; improperly used investigative procedures; and failed to provide non-confidential summaries of Chinese submissions.

The United States and China held consultations on November 1, 2010, but did not resolve the dispute. In February 2011, the United States requested the establishment of a panel. In March 2011, the DSB established a panel. On May 10, 2011, the panel was composed by the agreement of the parties, as follows: Mr. John Adank, Chair; and Mr. Anthony Abad and Mr. Jan Heukelman, Members. Meetings with the Panel took place in September and December 2011.

In June 2012, the Panel issued its report, upholding U.S. claims that China had breached a number of substantive and procedural obligations under the WTO Agreement in imposing antidumping and countervailing duties on GOES from the United States. The Panel found that China initiated the countervailing duty investigation with respect to several alleged programs based on insufficient evidence, failed to provide non-confidential summaries of submissions containing confidential information, calculated the subsidy rates for U.S. companies in a manner unsupported by the facts, calculated the "all others" subsidy rate and dumping margin without a factual basis, failed to disclose essential facts and failed to explain the calculation of the "all others" subsidy rate and dumping margin, and made unsupported findings that U.S. exports caused injury to China's domestic industry.

In July 2012, China filed a notice of appeal challenging certain aspects of the panel report. The Appellate Body held a hearing in August 2012. In October 2012, the Appellate Body issued its report, and rejected all of China's claims on appeal.

In November 2012, the DSB adopted the panel and Appellate Body reports. The same month, China announced its intention to implement the DSB recommendations and rulings in the dispute, and stated that it would need a RPT in which to do so.

In early 2013, following unsuccessful bilateral discussions on the length of the RPT, the United States requested that an arbitrator determine the RPT pursuant to Article 21.3(c) of the DSU. The oral hearing was held on April 4, 2013, and the arbitrator issued the award of 8.5 months on May 3, 2013. The RPT expired on July 31, 2013. That same day, China issued a re-determination based on a review of the existing evidence and information in the primary antidumping and countervailing duty investigations at issue.

The re-determination continued the imposition of antidumping and countervailing duties on imports of GOES from the United States. As in its original determination, in the re-determination China found that U.S. exports caused material injury to the domestic industry. The United States considered that China failed to comply with the DSB findings, and on January 13, 2014, requested consultations pursuant to Article 21.5 of the DSU.

Specifically, with respect to its injury re-determination, the United States was concerned that China failed to objectively examine the evidence, and failed to base its findings on positive evidence. The United States also was concerned that China failed to disclose the "essential facts" underlying its conclusions; and failed to provide an adequate explanation of its re-determination.

The United States and China held consultations on January 24, 2014, but did not resolve the dispute. On February 13, 2014, the United States requested the establishment of a compliance panel, and the compliance panel was established on February 26, 2014 -- with the same Chair and Members of the original panel serving on the compliance panel.

The compliance panel issued its report on July 31, 2015, and the DSB adopted the report at its meeting on August 31, 2015. As in the original proceeding, the compliance panel upheld U.S. claims that China's antidumping and countervailing duty determinations were inconsistent with WTO rules. In particular, the compliance panel found numerous defects in China's determination that U.S. exports caused adverse price effects in the Chinese market, and that U.S. exports caused injury to China's domestic industry. The compliance panel also found that China failed to disclose the essential facts underlying its revised material injury determination. As a result, the WTO panel found that China failed to comply with the recommendations and rulings of the DSB in this dispute.

In April 2015, after the compliance panel's meeting with the parties and after the parties had submitted all of their submissions, China's MOFCOM revoked the antidumping and countervailing duties on GOES from the United States.

*China — Measures Related to the Exportation of Rare Earths, Tungsten and Molybdenum (DS431)*

On March 13, 2012, the United States requested consultations with China regarding China's export restraints on rare earths, tungsten and molybdenum. These materials are vital inputs in the manufacture of electronics, automobiles, steel, petroleum products, and a variety of chemicals that are used to produce both everyday items and highly sophisticated, technologically advanced products, such as hybrid vehicle batteries, wind turbines, and energy efficient lighting.

The United States challenged China's export restraints on these materials as inconsistent with several WTO provisions, including provisions in the GATT 1994, as well as specific commitments made by China in its WTO accession agreement. Specifically, the United States challenged: (1) China's quantitative restrictions in the form of quotas on exports of rare earth, tungsten and molybdenum ores and concentrates, as well as certain intermediate products incorporating some of these inputs; (2) China's export duties on rare earths, tungsten, and molybdenum; and (3) China's other export restraints including prior export performance and minimum capital requirements.

The United States, together with the EU and Japan, held consultations with China on April 25-26, 2012, but the consultations did not resolve the dispute.

On June 29, 2012, the EU and Japan joined the United States in requesting the establishment of a panel, and on July 23, 2012, the WTO DSB established a single panel to examine all three complaints. On September 24, 2012, the Director General composed the panel as follows: Mr. Nacer Benjelloun-Touimi, Chair; Mr. Hugo Cayrús and Mr. Darlington Mwape, members. The panel held its meetings with the parties on February 26-28, 2013, and June 18-19, 2013.

On March 26, 2014, the panel issued its report. The panel found that the export quotas and export duties that China maintains on various forms of rare earths, tungsten, and molybdenum constitute a breach of

WTO rules and that China failed to justify those measures as legitimate conservation measures or environmental protection measures, respectively. The panel also found that China's imposition of prior export performance and minimum capital requirements is inconsistent with WTO rules.

On August 7, 2014, the Appellate Body issued a report affirming the panel's findings on all significant claims. In particular, the Appellate Body confirmed that China may not seek to justify its imposition of export duties as environmental measures. The Appellate Body also confirmed, while modifying some of the panel's original reasoning, that China had failed to demonstrate that its export quotas were justified as measures for conserving exhaustible natural resources.

On August 29, 2014, the DSB adopted the panel and Appellate Body reports. In September 2014, China announced its intention to implement the DSB recommendations and rulings in the dispute, and stated that it would need a RPT in which to do so. The United States, the EU, Japan, and China agreed that China would have until May 2, 2015, to comply with the recommendations and rulings.

China announced that it had eliminated its export quotas on the products at issue in this dispute as of January 1, 2015, and its export duties as of May 1, 2015.

China, however, maintains export licensing requirements for these products. Accordingly, the United States continues to monitor actions by China that might operate to restrict exports of the materials at issue in this dispute.

*China — Anti-Dumping and Countervailing Duty Measures on Broiler Products from the United States (DS427)*

On September 20, 2011, the United States filed a request for consultations regarding China's imposition of antidumping and countervailing duties on imports of chicken broiler products from the United States.

On September 27, 2009, China's MOFCOM initiated antidumping and countervailing duty investigations of imports of chicken broiler products from the United States. On September 26, 2010 and August 30, 2010, China imposed antidumping and countervailing duties, respectively. The United States' review of MOFCOM's determinations sustaining antidumping and countervailing duties indicated that China was acting inconsistently with numerous WTO obligations, such as abiding by applicable procedures and legal standards, including by finding injury to China's domestic industry without objectively examining the evidence, by improperly calculating dumping margins and subsidization rates, and by failing to adhere to various transparency and due process requirements.

The United States and China held consultations on October 28, 2011, but were unable to resolve the dispute. On December 8, 2011, the United States requested the establishment of a panel. The DSB established a panel on January 20, 2012. On May 24, 2012, the WTO Director General composed the panel as follows: Mr. Faizullah Khilji, Chair; and Mr. Serge Fréchette and Ms. Claudia Orozco, Members. The Panel held its meetings with the parties on September 27-28, 2012, and December 4-5, 2012.

The Panel's report, which upheld nearly all the claims brought by the United States, was circulated on August 2, 2013. In particular, the Panel found MOFCOM's substantive determinations and procedural conduct in levying the duties was inconsistent with China's WTO obligations. With respect to the substantive errors, the Panel's report found China breached its obligations by:

- Levying countervailing duties on U.S. producers in excess of the amount of subsidization;
- Relying on flawed price comparisons for its determination that China's domestic industry had suffered injury;

- Unjustifiably declining to use the books and records of two major U.S. producers in calculating their costs of production; failing to consider any of the alternative allocation methodologies presented by U.S. producers and instead using a weight-based methodology resulting in high dumping margins; improperly allocating distinct processing costs to other products inflating dumping margins; and allocating one producer's costs in producing non-exported products to exported products creating an inflated dumping margin; and
- Improperly calculating the "all others" dumping margin and subsidy rates.

With respect to the procedural failings, the Panel found that China breached its WTO obligations by:

- Denying a hearing request during the investigation;
- Failing to require the Chinese industry to provide non-confidential summaries of information it provided to MOFCOM; and
- Failing to disclose essential facts to U.S. companies including how their dumping margins were calculated.

The DSB adopted the panel report on September 25, 2013. On December 19, 2013, the United States and China agreed that China would have until July 9, 2014 to comply with the panel's findings.

MOFCOM announced on December 25, 2014 that it was initiating a reinvestigation of U.S. producers in response to the panel report. MOFCOM released re-determinations on July 8, 2014, that maintained recalculated duties on U.S. broiler products. The United States is evaluating China's redeterminations closely to assess its implications for China's compliance in this dispute.

*China — Certain Measures Affecting the Automobile and Automobile-Parts Industries (DS450)*

On September 17, 2012, the United States requested consultations with China concerning China's auto and auto parts "export base" program. Under this program, China appears to provide extensive subsidies to auto and auto-parts exporting enterprises located in designated regions known as "export bases." It appears that China is providing these subsidies in contravention of its obligation under Article 3 of the SCM Agreement, which prohibits the provision of subsidies contingent upon export performance. China also appears to have failed to comply with various transparency related obligations, including its obligation to notify the challenged subsidies as required by the SCM Agreement, and to publish the measures at issue in an official journal and to translate the measures into one or more of the official languages of the WTO as required by China's Protocol of Accession.

The United States and China held consultations in November 2012. After consultations, China removed or did not renew key provisions. The United States continues to monitor China's actions with respect to the matters at issue in this dispute.

*China — Measures related to Demonstration Bases and Common Service Platform Programs (DS489)*

On February 11, 2015, the United States requested consultations regarding China's "Demonstration Bases-Common Service Platform" export subsidy program. Under this program, China appears to provide prohibited export subsidies through "Common Service Platforms" to manufacturers and producers across seven economic sectors and dozens of sub-sectors located in more than one hundred and fifty industrial clusters, known as "Demonstration Bases."

Pursuant to this Demonstration Bases-Common Service Platform program, China provides free and discounted services as well as cash grants and other incentives to enterprises that meet export performance

criteria and are located in 179 Demonstration Bases throughout China. Each of these Demonstration Bases is comprised of enterprises from one of seven sectors: (1) textiles, apparel and footwear; (2) advanced materials and metals (including specialty steel, titanium and aluminum products); (3) light industry; (4) specialty chemicals; (5) medical products; (6) hardware and building materials; and (7) agriculture. China maintains and operates this extensive program through over 150 central government and sub-central government measures throughout China.

The United States held consultations with China on March 13 and April 1-2, 2015, but the consultations did not resolve the dispute.

On April 9, 2015, the United States requested the establishment of a panel, and on April 22, 2015, the WTO DSB established a panel to examine the complaint.

*China – Tax Measures Concerning Certain Domestically Produced Aircraft (DS501)*

On December 8, 2015, the United States requested consultations with China concerning its measures providing tax advantages in relation to the sale of certain domestically produced aircraft in China. It appears that China exempts the sale of certain domestically produced aircraft from China's value-added tax (VAT), while imported aircraft continue to be subject to the VAT. The aircraft subject to the exemptions appear to include general aviation, regional, and agricultural aircraft. China has also failed to publish the measures that establish these exemptions.

These measures appear to be inconsistent with Articles III:2 and III:4 of the GATT 1994. China also appears to have acted inconsistently with its obligations under Article X:1 of the GATT 1994, as well as a number of specific commitments made by China in its WTO accession agreement. The parties will be consulting on this matter in early 2016.

*European Union – Measures concerning meat and meat products (hormones) (DS26, 48)*

The United States and Canada challenged the EU ban on imports of meat from animals to which any of six hormones for growth promotional purposes had been administered. The panel found that the EU ban is inconsistent with the EU's obligations under the SPS Agreement, and that the ban is not based on science, a risk assessment, or relevant international standards.

Upon appeal, the Appellate Body affirmed the panel's findings that the EU ban fails to satisfy the requirements of the SPS Agreement. The Appellate Body also found that, while a country has broad discretion in electing what level of protection it wishes to implement, in doing so it must fulfill the requirements of the SPS Agreement. In this case, the ban imposed is not rationally related to the conclusions of the risk assessments the EU had performed.

Because the EU did not comply with the recommendations and rulings of the DSB by May 13, 1999, the final date of its compliance period as set by arbitration, the United States sought WTO authorization to suspend concessions with respect to certain products of the EU. The value of the suspension of concessions represents an estimate of the annual harm to U.S. exports resulting from the EU's failure to lift its ban on imports of U.S. meat. The EU exercised its right to request arbitration concerning the amount of the suspension. On July 12, 1999, the arbitrators determined the level of suspension to be $116.8 million. On July 26, 1999, the DSB authorized the United States to suspend such concessions and the United States proceeded to impose 100 percent *ad valorem* duties on a list of EU products with an annual trade value of $116.8 million.

On November 3, 2003, the EU notified the WTO that it had amended its hormones ban. On November 8, 2004, the EU requested consultations with respect to "the United States' continued suspension of concessions and other obligations under the covered agreements" in the EU – Hormones dispute. The Appellate Body issued its report in the *U.S. – Continued Suspension* (WT/DS320) dispute on October 16, 2008.

On October 31, 2008, USTR announced that it was considering changes to the list of EU products on which 100 percent *ad valorem* duties had been imposed in 1999. A modified list of EU products was announced by USTR on January 15, 2009.

On December 22, 2008, the EU requested consultations with the United States and Canada pursuant to Articles 4 and 21.5 of the DSU, regarding the EU's implementation of the DSB's recommendations and rulings in the EU–Hormones dispute. In its consultations request, the EU stated that it considered that it has brought into compliance the measures found inconsistent in EU–Hormones by, among other things, adopting its revised ban in 2003. Consultations took place in February 2009.

Pursuant to a Memorandum Of Understanding (MOU) between the United States and the EU, further litigation in the EU-Hormones compliance proceeding has been suspended.

For additional information on the U.S suspension of concessions and the MOU, please see the discussion of the associated Section 301 investigation in section 5.B.1 of this report.

*European Union – Measures affecting the approval and marketing of biotechnology products (DS291)*

Since the late 1990s, the EU has pursued policies that undermine agricultural biotechnology and trade in biotechnological foods. After approving a number of biotechnological products through October 1998, the EU adopted an across the board moratorium under which no further biotechnology applications were allowed to reach final approval. In addition, six Member States (Austria, France, Germany, Greece, Italy, and Luxemburg) adopted unjustified bans on certain biotechnological crops that had been approved by the EU prior to the adoption of the moratorium. These measures have caused a growing portion of U.S. agricultural exports to be excluded from EU markets, and unfairly cast concerns about biotechnology products around the world, particularly in developing countries.

On May 13, 2003, the United States filed a consultation request with respect to: (1) the EU's moratorium on all new biotechnology approvals; (2) delays in the processing of specific biotech product applications; and (3) the product specific bans adopted by six EU Member States (Austria, France, Germany, Greece, Italy, and Luxembourg). The United States requested the establishment of a panel on August 7, 2003. Argentina and Canada submitted similar consultation and panel requests. On August 29, 2003, the DSB established a panel to consider the claims of the United States, Argentina, and Canada. On March 4, 2003, the Director General composed the panel as follows: Mr. Christian Häberli, Chair; and Mr. Mohan Kumar and Mr. Akio Shimizu, Members.

The panel issued its report on September 29, 2006. The panel agreed with the United States, Argentina, and Canada that the disputed measures of the EU, Austria, France, Germany, Greece, Italy, and Luxembourg are inconsistent with the obligations set out in the SPS Agreement. In particular:

- The panel found that the EU adopted a *de facto*, across the board moratorium on the final approval of biotechnological products, starting in 1999 up through the time the panel was established in August 2003.

- The panel found that the EU had presented no scientific or regulatory justification for the moratorium, and thus that the moratorium resulted in "undue delays" in violation of the EU's obligations under the SPS Agreement.

- The panel identified specific, WTO inconsistent "undue delays" with regard to 24 of the 27 pending product applications that were listed in the U.S. panel request.

- The panel upheld the United States' claims that, in light of positive safety assessments issued by the EU's own scientists, the bans adopted by six EU Member States on products approved in the EU prior to the moratorium were not supported by scientific evidence, and were thus inconsistent with WTO rules.

The DSB adopted the panel report on November 21, 2006. At the meeting of the DSB held on December 19, 2006, the EU notified the DSB that the EU intended to implement the recommendations and rulings of the DSB in these disputes, and stated that it would need a RPT for implementation. On June 21, 2006, the United States, Argentina, and Canada notified the DSB that they had agreed with the EU on a one year period of time for implementation, to end on November 21, 2007. On November 21, 2007, the United States, Argentina, and Canada notified the DSB that they had agreed with the EU to extend the implementation period to January 11, 2008.

On January 17, 2008, the United States submitted a request for authorization to suspend concessions and other obligations with respect to the EU under the covered agreements at an annual level equivalent to the annual level of nullification or impairment of benefits accruing to the United States resulting from the EU's failure to bring measures concerning the approval and marketing of biotechnology products into compliance with the recommendations and rulings of the DSB. On February 6, 2008, the EU requested arbitration under Article 22.6 of the DSU, claiming that the level of suspension proposed by the United States was not equivalent to the level of nullification or impairment. The EU and the United States mutually agreed to suspend the Article 22.6 arbitration proceedings as of February 18, 2008. The United States may request resumption of the proceedings following a finding by the DSB that the EU has not complied with the recommendations and rulings of the DSB.

Subsequent to the suspension of the Article 22.6 proceeding, the United States has been monitoring EU developments and has been engaged with the EU in discussions with the goal of normalizing trade in biotechnology products.

*European Union – Subsidies on large civil aircraft (DS316)*

On October 6, 2004, the United States requested consultations with the EU, as well as with Germany, France, the United Kingdom, and Spain, with respect to subsidies provided to Airbus, a manufacturer of large civil aircraft. The United States alleged that such subsidies violated various provisions of the SCM Agreement, as well as Article XVI:1 of the GATT 1994. Consultations were held on November 4, 2004. On January 11, 2005, the United States and the EU agreed to a framework for the negotiation of a new agreement to end subsidies for large civil aircraft. The parties set a three month time frame for the negotiations and agreed that, during negotiations, they would not request panel proceedings.

The United States and the EU were unable to reach an agreement within the 90 day time frame. Therefore, the United States filed a request for a panel on May 31, 2005. The panel was established on July 20, 2005. The U.S. request challenged several types of EU subsidies that appear to be prohibited, actionable, or both.

On October 17, 2005, the Deputy Director General composed the panel as follows: Mr. Carlos Pérez del Castillo, Chair; and Mr. John Adank and Mr. Thinus Jacobsz, Members. The panel met with the parties on

March 20-21 and July 25-26, 2007, and met with the parties and third parties on July 24, 2007. The panel granted the parties' request to hold part of its meetings with the parties in public session. This portion of the panel's meetings was videotaped and reviewed by the parties to ensure that business confidential information had not been disclosed before being shown in public on March 22 and July 27, 2007.

The Panel issued its report on June 30, 2010. It agreed with the United States that the disputed measures of the EU, France, Germany, Spain, and the United Kingdom were inconsistent with the SCM Agreement. In particular:

- Every instance of "launch aid" provided to Airbus was a subsidy because in each case, the terms charged for this unique low interest, success dependent financing were more favorable than were available in the market.

- Some of the launch aid provided for the A380, Airbus's newest and largest aircraft, was contingent on exports and, therefore, a prohibited subsidy.

- Several instances in which German and French government entities created infrastructure for Airbus were subsidies because the infrastructure was not general, and the price charged to Airbus for use resulted in less than adequate remuneration to the government.

- Several government equity infusions into the Airbus companies were subsidies because they were on more favorable terms than available in the market.

- Several EU and Member State research programs provided grants to Airbus to develop technologies used in its aircraft.

- These subsidies caused adverse effects to the interests of the United States in the form of lost sales, displacement of U.S. imports into the EU market, and displacement of U.S. exports into the markets of Australia, Brazil, China, Chinese Taipei, Korea, Mexico, and Singapore.

The EU filed a notice of appeal on July 21, 2010. The WTO Appellate Body conducted an initial hearing on August 3, 2010 to discuss procedural issues related to the need to protect business confidential information and highly sensitive business information and issued additional working procedures to that end on August 10, 2010. The Appellate Body held two hearings on the issues raised in the EU's appeal of the Panel's findings of WTO inconsistent subsidization of Airbus. The first hearing, held November 11-17, 2010, addressed issues associated with the main subsidy to Airbus, launch aid, and the other subsidies challenged by the United States. The second hearing held December 9-14, 2010, focused on the Panel's findings that the European subsidies caused serious prejudice to the interests of the United States in the form of lost sales and declining market share in the EU and other third country markets. On May 18, 2011, the Appellate Body issued its report. The Appellate Body affirmed the Panel's central findings that European government launch aid had been used to support the creation of every model of large civil aircraft produced by Airbus. The Appellate Body also confirmed that launch aid and other challenged subsidies to Airbus have directly resulted in Boeing losing sales involving purchases of Airbus aircraft by easyJet, Air Berlin, Czech Airlines, Air Asia, Iberia, South African Airways, Thai Airways International, Singapore Airlines, Emirates Airlines, and Qantas – and lost market share, with Airbus gaining market share in the EU and in third country markets, including China and South Korea, at the expense of Boeing. The Appellate Body also found that the Panel applied the wrong standard for evaluating whether subsidies are export subsidies, and that the Panel record did not have enough information to allow application of the correct standard.

On December 1, 2011, the EU provided a notification in which it claimed to have complied with the DSB recommendations and rulings. On December 9, 2011, the United States requested consultations regarding the notification and also requested authorization from the DSB to impose countermeasures. The United States and the EU held consultations on January 13, 2012. On December 22, 2011, the EU objected to the level of suspension of concessions requested by the United States, and the matter was referred to arbitration pursuant to Article 22.6 of the DSU. On January 19, 2012, the United States and the EU requested that the arbitration be suspended pending the conclusion of the compliance proceeding.

On March 30, 2012, in light of the parties' disagreement over whether the EU had complied with the DSB's recommendations and rulings, the United States requested that the DSB refer the matter to the original Panel pursuant to Article 21.5 of the DSU. The DSB did so at a meeting held on April 13, 2012. On April 25, 2012, the compliance Panel was composed with the members of the original Panel: Mr. Carlos Pérez del Castillo, Chair; Mr. John Adank and Mr. Thinus Jacobsz, Members.

The parties filed submissions in the compliance proceeding in late 2012, and the compliance Panel held a meeting with the parties on April 16-17, 2013. The Panel is expected to circulate its final report in 2016.

*European Union – Regime for the importation, sale, and distribution of bananas – Recourse to Article 21.5 of the DSU by the United States (WT/DS27)*

On June 29, 2007, the United States requested the establishment of a panel under Article 21.5 of the DSU to review whether the EU had failed to bring its import regime for bananas into compliance with its WTO obligations and the DSB recommendations and rulings adopted on September 25, 1997. The request related to the EU's apparent failure to implement the WTO rulings in a proceeding initiated by Ecuador, Guatemala, Honduras, Mexico, and the United States. That proceeding had resulted in findings that the EU's banana regime discriminated against bananas originating in Latin American countries and against distributors of such bananas, including a number of U.S. companies. The EU was under an obligation to bring its banana regime into compliance with its WTO obligations by January 1999. The EU committed to shift to a tariff only regime for bananas no later than January 1, 2006. Despite these commitments, the banana regime implemented by the EU on January 1, 2006 included a zero duty tariff-rate quota allocated exclusively to bananas from African, Caribbean, and Pacific countries. All other bananas did not have access to this duty-free tariff-rate quota and were subject to a 176 euro per ton duty. The United States brought challenges under GATT Articles I:1 and XIII.

Ecuador requested the establishment of a similar compliance panel on February 23, 2007, and a panel was composed in response to that request on June 15. In response to the United States request, the Panel was established on July 12, 2007. On August 13, 2007, the Director General composed the Panel as follows: Mr. Christian Häberli, Chair; and Mr. Kym Anderson and Mr. Yuqing Zhang, Members. Mr. Häberli and Mr. Anderson were members of the original Panel in this dispute.

The Panel granted the parties' request to open the substantive meeting with the parties, as well as a portion of the third-party session, to the public. The public observed these meetings from a gallery in the room in which the meetings were conducted.

The Panel issued its report on May 19, 2008. The Panel agreed with the United States that the EU's regime was inconsistent with the EU's obligations under Articles I:1, XIII:1, and XIII:2 of the GATT 1994, and that the EU had failed to implement the recommendations and rulings of the DSB.

On August 28, 2008, the EU filed a notice of appeal. The Appellate Body granted a joint request by the parties to open its hearing to the public, and the public was able to observe the hearing via a closed circuit television broadcast. The Appellate Body issued its report on November 26, 2008. The Appellate Body

found that the EU had failed to bring itself into compliance with the recommendations and rulings of the DSB. In particular, the Appellate Body rejected all of the EU's procedural arguments alleging the United States was barred from bringing the compliance proceeding and agreed with the panel that the EU's duty-free tariff-rate quota reserved only for some countries was inconsistent with Article XIII of the GATT 1994. The Panel in this dispute had also found that the EU's banana import regime was in violation of GATT Article I. The EU did not appeal that finding. The DSB adopted the Appellate Body report on December 22, 2008.

On December 15, 2009, the United States and the EU initialed an agreement designed to lead to settlement of the dispute. In the agreement, the EU undertakes not to reintroduce measures that discriminate among bananas distributors based on the ownership or control of the distributor or the source of the bananas, and to maintain a nondiscriminatory, tariff only regime for the importation of bananas. The United States-European Union agreement complements an agreement initialed on the same date between the EU and several Latin American banana supplying countries (the GATB). That agreement provides for staged EU tariff cuts that will bring the EU into compliance with its obligations under the WTO Agreement. The GATB was signed on May 31, 2010, and the United States-European Union agreement was signed on June 8, 2010. The agreements will enter into force following completion of certain domestic procedures. Upon entry into force, the EU will need to request formal WTO certification of its new tariffs on bananas. The GATB provides that once the certification process is concluded, the EU and the Latin American signatories to the GATB will settle their disputes and claims. Once that has occurred, the United States will also settle its dispute with the EU.

The GATB entered into force on May 1, 2012, following completion of certain domestic procedures. The EU's revised tariff commitments on bananas were formally certified through the WTO certification process (document WT/Let/868 of October 30, 2012). Pursuant to the GATB, the EU, and the Latin American signatories to the GATB settled their disputes and claims on November 8, 2012. As the GATB has entered into force and both the EU and the United States have completed necessary domestic procedures, the United States-European Union agreement entered into force on January 24, 2013. The United States will also settle its dispute with the EU.

*European Communities – Certain Measures Affecting Poultry Meat and Poultry Meat Products from the United States (DS389)*

On January 16, 2009, the United States requested consultations regarding certain EU measures that prohibit the import of poultry meat and poultry meat products that have been processed with chemical treatments designed to reduce the amount of microbes on poultry meat, unless such pathogen reduction treatments (PRTs) have been approved. The EU further prohibits the marketing of poultry meat and poultry meat products if they have been processed with PRTs. In December 2008, the EU formally rejected the approval of four PRTs whose approval had been requested by the United States, despite the fact that EU scientists have repeatedly concluded that poultry meat and poultry meat products treated with any of these four PRTs does not present a health risk to European consumers. The EU's maintenance of its import ban and marketing regulation against PRT poultry appears to be inconsistent with its obligations under the SPS Agreement, the Agriculture Agreement, the GATT 1994, and the TBT Agreement. Consultations were held on February 11, 2009, but those consultations failed to resolve the dispute. The United States requested the establishment of a panel on October 8, 2009, and the DSB established a panel on November 19, 2009.

*India — Measures Concerning the Importation of Certain Agricultural Products from the United States (DS430)*

On March 6, 2012, the United States requested consultations with India regarding its import prohibitions on various agricultural products from the United States. India asserts these import prohibitions are

necessary to prevent the entry of avian influenza into India. However, the United States has not had an outbreak of highly pathogenic avian influenza ("HPAI") since 2004. With respect to low pathogenic avian influenza ("LPAI"), the only kind of avian influenza found in the United States since 2004, international standards do not support the imposition of import prohibitions, including the type maintained by India. The United States considers that India's restrictions are inconsistent with numerous provisions of the SPS Agreement, including Articles 2.2, 2.3, 3.1, 5.1, 5.2, 5.5, 5.6, 5.7, 6.1, 6.2, 7, and Annex B, and Articles I and XI of GATT 1994.

The United States and India held consultations on April 16-17, 2012, but were unable to resolve the dispute. The United States requested the establishment of a WTO panel on May 24, 2012. At its meeting on June 25, 2012, the WTO DSB established a panel. On February 18, 2014, the WTO Director General composed the Panel as follows: Mr. Stuart Harbinson as Chair; and Ms. Delilah Cabb and Mr. Didrik Tønseth, Members. The panel held meetings with the Parties on July 24-25, 2013 and December 16-17, 2013.

The Panel issued its report on October 14, 2014. In its report, the panel found in favor of the United States. Specifically, the Panel found that India's restrictions breach its WTO obligations because they are: are not based on international standards or a risk assessment that takes into account available scientific evidence; arbitrarily discriminate against U.S. products because India blocks imports while not similarly blocking domestic products; constitute a disguised restriction on international trade; are more trade restrictive than necessary since India could reasonably adopt international standards for the control of avian influenza instead of imposing an import ban; fail to recognize the concept of disease free areas and are not adapted to the characteristics of the areas from which products originate and to which they are destined; and were not properly notified in a manner that would allow the United States and other WTO Members to comment on India's restrictions before they went into effect. India filed its notice of appeal on January 26, 2015.

On 4 June 2015, the Appellate Body issued its report in this dispute, upholding the Panel's findings that India's restrictions: are not based on international standards or a risk assessment that takes into account available scientific evidence; arbitrarily discriminate against U.S. products because India blocks imports while not similarly blocking domestic products; are more trade restrictive than necessary since India could reasonably adopt international standards for the control of avian influenza instead of imposing an import ban; and fail to recognize the concept of disease-free areas and are not adapted to the characteristics of the areas from which products originate and to which they are destined.

On July 13, 2015, India informed the DSB that it intended to implement the DSB's recommendations and rulings and would need a RPT to do so. On December 8, 2015, the United States and India agreed that the RPT would be 12 months, ending on June 19, 2016.

*India – Solar Local Content I / II (DS456)*

In February 2013, the United States requested WTO consultations with India concerning domestic-content requirements for participation in an Indian solar-power generation program known as the National Solar Mission ("NSM"). Under Phase I of the NSM, which India initiated in 2010, India provided guaranteed, long-term payments to solar power developers contingent on the purchase and use of solar cells and solar modules of domestic origin. India continued to impose domestic content requirements for solar cells and modules under Phase II of the NSM, which India launched in October 2013. In March 2014, the United States held consultations with India on Phase II of the NSM. In April 2014, after two rounds of unsuccessful consultations with India, the United States requested that WTO DSB establish a dispute settlement panel. In May 2014, the DSB established a WTO panel to examine India's domestic content requirements under its NSM program. On September 24, 2014, the parties agreed to compose the Panel as follows: Mr. David Walker as Chair; and Mr. Pornchai Danvivathana and Mr. Marco Tulio Molina Tejeda, Members. The

Panel held meetings with the Parties on February 3-4, 2015, and April 28-29, 2015. The Panel is expected to issue its final public report in early 2016.

*Indonesia – Import Restrictions on Horticultural Products, Animals, and Animal Products (DS455, DS465 and DS478)*

On May 8, 2014, the United States, joined by New Zealand, requested consultations with Indonesia concerning certain measures affecting the importation of horticultural products, animals, and animal products into Indonesia. The measures on which consultations were requested include Indonesia's import licensing regimes for horticultural products and for animals and animal products, as well as certain prohibitions and restrictions that Indonesia imposes through these regimes.

The United States previously had requested consultations on prior versions of Indonesia's import licensing regimes. Indonesia established import licensing regimes governing the importation of horticultural products and animals and animal products in 2012. The United States was concerned about these regimes and certain measures imposed through them and, on January 10, 2013, requested consultations with Indonesia. Indonesia subsequently amended or replaced its import licensing regulations, changing their structure and requirements. The United States requested consultations again, this time joined by New Zealand, on August 30, 2013. Indonesia again amended its import licensing regimes shortly thereafter, and the consultation request in the current dispute (DS478) followed.

The United States is concerned that Indonesia, through its import licensing regimes, imposes numerous prohibitions and restrictions on the importation of covered products, including: (1) prohibiting the importation of certain products altogether; (2) imposing strict application windows and validity periods for import permits; (3) restricting the type, quantity, and country of origin of products that may be imported; (4) requiring that importers actually import a certain percentage of the volume of products allowed under their permits; (5) restricting the uses for which products may be imported; (6) imposing local content requirements; (7) restricting imports on a seasonal basis; and (8) setting a "reference price" below which products may not be imported. The Indonesian measures at issue appeared to be inconsistent with several WTO provisions, including Article XI:1 of the GATT 1994 and Article 4.2 of the Agriculture Agreement.

The United States and New Zealand held consultations with Indonesia on June 19, 2014, but these consultations failed to resolve the dispute. On March 18, 2015, the United States, together with New Zealand, requested the WTO to establish a dispute settlement panel to examine Indonesia's import restrictions. A panel was established on May 20, 2015. The Director General Composed the panel as follows: Mr. Christian Espinoza Cañizares, Chair; and Mr. Gudmundur Helgason and Ms. Angela Maria Orozco Gómez, Members.

The United States submitted its first written submission on November 13, 2015. The parties will make further written submissions and meet with the Panel in the course of 2016.

**Disputes Brought Against the United States**

Section 124 of the URAA requires, *inter alia*, that the Annual Report on the WTO describe, for the preceding fiscal year of the WTO: each proceeding before a panel or the Appellate Body that was initiated during that fiscal year regarding Federal or State law, the status of the proceeding, and the matter at issue; and each report issued by a panel or the Appellate Body in a dispute settlement proceeding regarding Federal or State law. This section includes summaries of dispute settlement activity in 2015 for disputes in which the United States was a responding party (listed by DS number).

*United States – Section 110(5) of the Copyright Act (DS160)*

As amended in 1998 by the Fairness in Music Licensing Act, section 110(5) of the U.S. Copyright Act exempts certain retail and restaurant establishments that play radio or television music from paying royalties to songwriters and music publishers. The EU claimed that, as a result of this exception, the United States was in violation of its TRIPS obligations. Consultations with the EU took place on March 2, 1999. A panel on this matter was established on May 26, 1999. On August 6, 1999, the Director General composed the panel as follows: Ms. Carmen Luz Guarda, Chair; and Mr. Arumugamangalam V. Ganesan and Mr. Ian F. Sheppard, Members. The Panel issued its final report on June 15, 2000 and found that one of the two exemptions provided by section 110(5) is inconsistent with the U.S. WTO obligations. The Panel report was adopted by the DSB on July 27, 2000, and the United States has informed the DSB of its intention to respect its WTO obligations. On October 23, 2000, the EU requested arbitration to determine the period of time to be given the United States to implement the Panel's recommendation. By mutual agreement of the parties, Mr. J. Lacarte-Muró was appointed to serve as arbitrator. He determined that the deadline for implementation should be July 27, 2001. On July 24, 2001, the DSB approved a U.S. proposal to extend the deadline until the earlier of the end of the then current session of the U.S. Congress or December 31, 2001.

On July 23, 2001, the United States and the EU requested arbitration to determine the level of nullification or impairment of benefits to the EU as a result of section 110(5)(B). In a decision circulated to WTO Members on November 9, 2001, the arbitrators determined that the value of the benefits lost to the EU in this case was $1.1 million per year. On January 7, 2002, the EU sought authorization from the DSB to suspend its obligations *vis-à-vis* the United States. The United States objected to the details of the EU request, thereby causing the matter to be referred to arbitration.

However, because the United States and the EU had been engaged in discussions to find a mutually acceptable resolution of the dispute, the arbitrators suspended the proceeding pursuant to a joint request by the parties filed on February 26, 2002.

On June 23, 2003, the United States and the EU notified the WTO of a mutually satisfactory temporary arrangement regarding the dispute. Pursuant to this arrangement, the United States made a lump sum payment of $3.3 million to the EU, to a fund established to finance activities of general interest to music copyright holders, in particular awareness raising campaigns at the national and international level and activities to combat piracy in the digital network. The arrangement covered a three year period, which ended on December 21, 2004.

*United States – Section 211 Omnibus Appropriations Act (DS176)*

Section 211 addresses the ability to register or enforce, without the consent of previous owners, trademarks or trade names associated with businesses confiscated without compensation by the Cuban government. The EU questioned the consistency of Section 211 with the TRIPS Agreement and requested consultations on July 7, 1999. Consultations were held September 13 and December 13, 1999. On June 30, 2000, the EU requested a panel. A panel was established on September 26, 2000, and at the request of the EU, the WTO Director General composed the panel on October 26, 2000. The Director General composed the panel as follows: Mr. Wade Armstrong, Chair; and Mr. François Dessemontet and Mr. Armand de Mestral, Members. The Panel report was circulated on August 6, 2001, rejecting 13 of the EU's 14 claims and finding that, in most respects, section 211 is not inconsistent with the obligations of the United States under the TRIPS Agreement. The EU appealed the decision on October 4, 2001. The Appellate Body issued its report on January 2, 2002.

The Appellate Body reversed the Panel's one finding against the United States and upheld the Panel's favorable findings that WTO Members are entitled to determine trademark and trade name ownership criteria. The Appellate Body found certain instances, however, in which section 211 might breach the national treatment and most favored nation obligations of the TRIPS Agreement. The Panel and Appellate Body reports were adopted on February 1, 2002, and the United States informed the DSB of its intention to implement the recommendations and rulings. The RPT for implementation ended on June 30, 2005. On June 30, 2005, the United States and the EU agreed that the EU would not request authorization to suspend concessions at that time and that the United States would not object to a future request on grounds of lack of timeliness.

*United States – Antidumping measures on certain hot-rolled steel products from Japan (DS184)*

Japan alleged that Commerce and the USITC's preliminary and final determinations in their antidumping investigations of certain hot rolled steel products from Japan, issued on November 25 and 30, 1998, February 12, 1999, April 28, 1999, and June 23, 1999, were erroneous and based on deficient procedures under the U.S. Tariff Act of 1930 and related regulations. Japan claimed that these procedures and regulations violate the GATT 1994, as well as the Antidumping Agreement and the Agreement Establishing the WTO. Consultations were held on January 13, 2000, and a panel was established on March 20, 2000. In May 2000, the Director General composed the panel as follows: Mr. Harsha V. Singh, Chair; and Mr. Yanyong Phuangrach and Ms. Lidia di Vico, Members. On February 28, 2001, the Panel circulated its report, in which it rejected most of Japan's claims, but found that, *inter alia*, particular aspects of the antidumping duty calculation, as well as one aspect of the U.S. antidumping duty law, were inconsistent with the WTO Antidumping Agreement. On April 25, 2001, the United States filed a notice of appeal on certain issues in the Panel report.

The Appellate Body report was issued on July 24, 2001, reversing in part and affirming in part. The reports were adopted on August 23, 2001. Pursuant to a February 19, 2002 arbitral award, the United States was given 15 months, or until November 23, 2002, to implement the DSB's recommendations and rulings. On November 22, 2002, Commerce issued a new final determination in the hot rolled steel antidumping duty investigation, which implemented the recommendations and rulings of the DSB with respect to the calculation of antidumping margins in that investigation. The RPT ended on July 31, 2005. With respect to the outstanding implementation issue, on July 7, 2005, the United States and Japan agreed that Japan would not request authorization to suspend concessions at that time and that the United States would not object to a future request on grounds of lack of timeliness.

*United States – Continued Dumping and Subsidy Offset Act of 2000 (CDSOA) (DS217/234)*

On December 21, 2000, Australia, Brazil, Chile, the EU, India, Indonesia, Japan, South Korea, and Thailand requested consultations with the United States regarding the Continued Dumping and Subsidy Offset Act of 2000 (19 U.S.C. § 754), which amended Title VII of the Tariff Act of 1930 to transfer import duties collected under U.S. antidumping and countervailing duty orders from the U.S. Treasury to the companies that filed the antidumping and countervailing duty petitions. Consultations were held on February 6, 2001. On May 21, 2001, Canada and Mexico also requested consultations on the same matter, which were held on June 29, 2001. On July 12, 2001, the original nine complaining parties requested the establishment of a panel, which was established on August 23, 2001. On September 10, 2001, a panel was established at the request of Canada and Mexico, and all complaints were consolidated into one panel. The panel was composed of: Mr. Luzius Wasescha, Chair; and Mr. Maamoun Abdel-Fattah and Mr. William Falconer, Members.

The Panel issued its report on September 2, 2002, finding against the United States on three of the five principal claims brought by the complaining parties. Specifically, the Panel found that the CDSOA

constitutes a specific action against dumping and subsidies and, therefore, is inconsistent with the Antidumping and SCM Agreements as well as Article VI of the GATT 1994. The Panel also found that the CDSOA distorts the standing determination conducted by Commerce and, therefore, is inconsistent with the standing provisions in the Antidumping and SCM Agreements. The United States prevailed against the complainants' claims under the Antidumping and SCM Agreements that the CDSOA distorts Commerce's consideration of price undertakings (agreements to settle antidumping and countervailing duty investigations). The Panel also rejected Mexico's actionable subsidy claim brought under the SCM Agreement. Finally, the Panel rejected the complainants' claims under Article X:3 of the GATT, Article 15 of the Antidumping Agreement, and Articles 4.10 and 7.9 of the SCM Agreement. The United States appealed the Panel's adverse findings on October 1, 2002.

The Appellate Body issued its report on January 16, 2003, upholding the Panel's finding that the CDSOA is an impermissible action against dumping and subsidies, but reversing the Panel's finding on standing. The DSB adopted the Panel and Appellate Body reports on January 27, 2003. At the meeting, the United States stated its intention to implement the DSB recommendations and rulings. On March 14, 2003, the complaining parties requested arbitration to determine a RPT for U.S. implementation. On June 13, 2003, the arbitrator determined that this period would end on December 27, 2003. On June 19, 2003, legislation to bring the Continued Dumping and Subsidy Offset Act into conformity with U.S. obligations under the Antidumping Agreement, the SCM Agreement, and the GATT of 1994 was introduced in the U.S. Senate (S. 1299).

On January 15, 2004, eight complaining parties (Brazil, Canada, Chile, the EU, India, Japan, South Korea, and Mexico) requested WTO authorization to retaliate. The remaining three complaining parties (Australia, Indonesia, and Thailand) agreed to extend to December 27, 2004 the period of time in which the United States had to comply with the WTO rulings and recommendations in this dispute. On January 23, 2004, the United States objected to the requests from the eight complaining parties to retaliate, thereby referring the matter to arbitration. On August 31, 2004, the Arbitrators issued their awards in each of the eight arbitrations. They determined that each complaining party could retaliate, on a yearly basis, covering the total value of trade not exceeding, in U.S. dollars, the amount resulting from the following equation: amount of disbursements under CDSOA for the most recent year for which data are available relating to antidumping or countervailing duties paid on imports from each party at that time, as published by the U.S. authorities, multiplied by 0.72.

Based on requests from Brazil, the EU, India, Japan, South Korea, Canada, and Mexico, on November 26, 2004, the DSB granted these Members authorization to suspend concessions or other obligations, as provided in DSU Article 22.7 and in the Decisions of the Arbitrators. The DSB granted Chile authorization to suspend concessions or other obligations on December 17, 2004. On December 23, 2004, January 7, 2005 and January 11, 2005, the United States reached agreements with Australia, Thailand, and Indonesia that these three complaining parties would not request authorization to suspend concessions at that time, and that the United States would not object to a future request on grounds of lack of timeliness.

On May 1, 2005, Canada and the EU began imposing additional duties of 15 percent on a list of products from the United States. On August 18, 2005, Mexico began imposing additional duties ranging from 9 to 30 percent on a list of U.S. products. On September 1, 2005, Japan began imposing additional duties of 15 percent on a list of U.S. products.

On February 8, 2006, U.S. President George W. Bush signed the Deficit Reduction Act into law. That Act included a provision repealing the CDSOA. Certain of the complaining parties nevertheless continued to impose retaliatory measures because they considered that the Deficit Reduction Act failed to bring the United States into immediate compliance. Thus, on May 1, 2006, the EU renewed its retaliatory measure and added eight products to the list of targeted imports. Japan renewed its retaliatory measure on September

1, 2006, retaining the same list of targeted imports. Mexico adopted a new retaliatory measure on September 14, 2006, imposing duties of 110 percent on certain dairy products through October 31, 2006. Since that date, Mexico has taken no further retaliatory measures. Canada did not renew its retaliatory measures once they expired on April 30, 2006.

Since 2007, only the EU and Japan have maintained retaliatory measures against the United States in connection with this dispute, and have modified those measures on an annual basis. On April 30, 2015, the EU announced that it would maintain unchanged the list of products subject to retaliation, but would increase the duty on those products from 0.35% to 1.5%. According to the EU, the total value of trade covered does not exceed $3,295,333. On September 18, 2015, Japan notified the DSB that it would not impose retaliatory measures for the coming year, due to a low amount of relevant disbursements in fiscal year 2014.

*United States – Measures Affecting the Cross-Border Supply of Gambling and Betting Services (DS285)*

On March 13, 2003, Antigua and Barbuda ("Antigua") requested consultations regarding its claim that U.S. Federal, State, and territorial laws on gambling violate U.S. specific commitments under the GATS, as well as Articles VI, XI, XVI, and XVII of the GATS, to the extent that such laws prevent or can prevent operators from Antigua from lawfully offering gambling and betting services in the United States. Consultations were held on April 30, 2003.

Antigua requested the establishment of a panel on June 12, 2003. The DSB established a panel on July 21, 2003. At the request of Antigua, the WTO Director General composed the panel on August 25, 2003, as follows: Mr. B. K. Zutshi, Chair; and Mr. Virachai Plasai and Mr. Richard Plender, Members. The Panel's final report, circulated on November 10, 2004, found that the United States breached Article XVI (Market Access) of the GATS by maintaining three U.S. Federal laws (18 U.S.C. §§ 1084, 1952, and 1955) and certain statutes of Louisiana, Massachusetts, South Dakota, and Utah. It also found that these measures were not justified under exceptions in Article XIV of the GATS.

The United States filed a notice of appeal on January 7, 2005. The Appellate Body issued its report on April 7, 2005, in which it reversed and/or modified several Panel findings. The Appellate Body overturned the Panel's findings regarding the state statutes, and found that the three U.S. Federal gambling laws at issue "fall within the scope of 'public morals' and/or 'public order'" under Article XIV. To meet the requirements of the Article XIV chapeau, the Appellate Body found that the United States needed to clarify an issue concerning Internet gambling on horse racing.

The DSB adopted the Panel and Appellate Body reports on April 20, 2005. On May 19, 2005, the United States stated its intention to implement the DSB recommendations and rulings. On August 19, 2005, an Article 21.3(c) arbitrator determined that the RPT for implementation would expire on April 3, 2006.

At the DSB meeting of April 21, 2006, the United States informed the DSB that the United States was in compliance with the recommendations and rulings of the DSB in the dispute. On June 8, 2006, Antigua requested consultations with the United States regarding U.S. compliance with the DSB recommendations and rulings. The parties held consultations on June 26, 2006. On July 5, 2006, Antigua requested the DSB to establish a panel pursuant to Article 21.5 of the DSU, and a panel was established on July 19, 2006. The chair of the original panel and one of the panelists were unavailable to serve. The parties agreed on their replacements, and the panel was composed as follows: Mr. Lars Anell, Chair; and Mr. Mathias Francke and Mr. Virachai Plasai, Members. The report of the Article 21.5 Panel, which was circulated on March 30, 2007, found that the United States had not complied with the recommendations and rulings of the DSB in this dispute.

On May 4, 2007, the United States initiated the procedure provided for under Article XXI of the GATS to modify the schedule of U.S. commitments so as to reflect the original U.S. intent of excluding gambling and betting services.

The DSB adopted the report of the Article 21.5 panel on May 22, 2007. On June 21, 2007, Antigua submitted a request, pursuant to Article 22.2 of the DSU, for authorization from the DSB to suspend the application to the United States of concessions and related obligations of Antigua under the GATS and the TRIPS. On July 23, 2007, the United States referred this matter to arbitration under Article 22.6 of the DSU. The arbitration was carried out by the three panelists who served on the Article 21.5 Panel.

On December 21, 2007, the Article 22.6 arbitration award was circulated. The arbitrator concluded that Antigua's annual level of nullification or impairment of benefits is $21 million, and that Antigua may request authorization from the DSB to suspend its obligations under the TRIPS Agreement in this amount. On December 6, 2012, Antigua submitted a request under Article 22.7 of the DSU for authorization to suspend concessions or other obligations under the TRIPS Agreement consistent with the award of the Arbitrator. At the DSB meeting of January 28, 2013, the DSB authorized Antigua to suspend concessions or other obligations under the TRIPs Agreement consistent with the award of the Arbitrator.

During 2007 and early 2008, the United States reached agreement with every WTO Member, aside from Antigua, that had pursued a claim of interest in the GATS Article XXI process of modifying the U.S. schedule of GATS commitments so as to exclude gambling and betting services. Antigua and the United States have continued in their efforts to achieve a mutually agreeable resolution to this matter.

*United States – Subsidies on large civil aircraft (DS317)*

On October 6, 2004, the EU requested consultations with respect to "prohibited and actionable subsidies provided to U.S. producers of large civil aircraft." The EU alleged that such subsidies violated several provisions of the SCM Agreement, as well as Article III:4 of the GATT. Consultations were held on November 5, 2004. On January 11, 2005, the United States and the EU agreed to a framework for the negotiation of a new agreement to end subsidies for large civil aircraft. The parties set a three month timeframe for the negotiations and agreed that, during negotiations, they would not request panel proceedings. These discussions did not produce an agreement. On May 31, 2005, the EU requested the establishment of a panel to consider its claims. The EU filed a second request for consultations regarding large civil aircraft subsidies on June 27, 2005. This request covered many of the measures covered in the initial consultations, as well as many additional measures that were not covered.

A panel was established with regard to the October claims on July 20, 2005. On October 17, 2005, the Deputy Director General established the panel as follows: Ms. Marta Lucía Ramírez de Rincón, Chair; and Ms. Gloria Peña and Mr. David Unterhalter, Members. Since that time, Ms. Ramirez and Mr. Unterhalter have resigned from the Panel. They have not been replaced.

The EU requested establishment of a panel with regard to its second panel request on January 20, 2006. That panel was established on February 17, 2006. On December 8, 2006, the WTO issued notices changing the designation of this panel to DS353. The summary below of *United States – Subsidies on large civil aircraft (Second Complaint) (DS353)* discusses developments with regard to this panel.

*United States – Subsidies on large civil aircraft (Second Complaint) (DS353)*

On June 27, 2005, the EU filed a second request for consultations regarding large civil aircraft subsidies allegedly applied by the United States. The section above on *United States – Subsidies on Large Civil Aircraft (DS317)* discusses developments with regard to the dispute arising from the initial request for

consultations. The June 2005 request covered many of the measures in the initial consultations, as well as many additional measures that were not covered. The EU requested establishment of a panel with regard to its second panel request on January 20, 2006. That panel was established on February 17, 2006. On November 22, 2006, the Deputy Director General composed the panel as follows: Mr. Crawford Falconer, Chair; and Mr. Francisco Orrego Vicuña and Mr. Virachai Plasai, Members.

The Panel granted the parties' request to open the substantive meetings with the parties to the public via a screening of a videotape of the public session. The sessions of the Panel meeting that involve business confidential information and the Panel's meeting with third parties were closed to the public.

On March 31, 2011, the Panel circulated its report with the following findings:

Findings against the EU

- Most of the NASA research spending challenged by the EU did not go to Boeing.
- Most of the U.S. Department of Defense research payments to Boeing were not subsidies or did not cause adverse effects to Airbus.
- Treatment of patent rights under U.S. Government contracts is not a subsidy specific to the aircraft industry.
- Treatment of certain overhead expenses in U.S. Government contracts is not a subsidy.
- Washington State infrastructure and plant location incentives were not a subsidy or did not cause adverse effects.
- Commerce research programs were not a subsidy specific to the aircraft industry.
- The U.S. Department of Labor payments to Edmonds Community College in Snohomish County, Washington, were not specific subsidies.
- Kansas and Illinois tax programs were not subsidies or did not cause adverse effects.
- The Foreign Sales Corporation/Extraterritorial Income tax measures were a WTO inconsistent subsidy, but as the United States removed the subsidy in 2006, there was no need for any further recommendation.

Findings against the United States

- NASA research programs conferred a subsidy to Boeing of $2.6 billion that caused adverse effects to Airbus.
- Tax programs and other incentives offered by the State of Washington and some of its municipalities conferred a subsidy of $16 million that caused adverse effects to Airbus.
- Certain types of research projects funded under the U.S. Department of Defense's Manufacturing Technology and Dual Use Science and Technology programs were a subsidy to Boeing of approximately $112 million that caused adverse effects to Airbus.

On April 1, 2011, the EU filed a notice of appeal on certain findings, and on April 28, 2011, the United States filed a notice of other appeal. The Appellate Body held hearings on August 16-19, 2011, and October 11-14, 2011. On March 12, 2012, the Appellate Body circulated its report with the following findings:

- The Panel erred in its analysis of whether NASA and DoD research funding was a subsidy. However, the Appellate Body affirmed the Panel's subsidy finding with regard to NASA research funding and DoD research funding through assistance instruments on other grounds. The Appellate Body declared the Panel's findings with regard to DoD procurement contracts moot, but made no further findings.

- The Panel correctly found that NASA and DoD rules regarding the allocation of patent rights were not, on their face, specific subsidies. The Appellate Body found that Panel should have addressed the EU allegations of de facto specificity, but was unable to complete the Panel's analysis of this issue.

- The Panel correctly found that Washington state tax measures and industrial revenue bonds issued by the city of Wichita were subsidies.

- The Panel erred in concluding that the WTO DSB was not obligated to initiate information-gathering procedures requested by the EU, but this error did not require any modification in the panel's ultimate findings.

- The Panel correctly concluded that NASA research funding and DoD funding of research through assistance instruments caused adverse effects to Airbus.

- The Panel erred in analyzing the effects of the Wichita industrial revenue bonds separately from other tax measures. The Appellate Body grouped the Wichita measure with the other tax benefits.

- The Panel erred in concluding that Washington state tax benefits, in tandem with FSC/ETI tax benefits, caused lost sales, lost market share, and price depression of the Airbus A320 and A340 product lines. The Appellate Body found that the evidence before it justified a finding of lost sales only in two instances, involving 50 A320 airplanes.

On March 23, 2012, the DSB adopted its recommendations and rulings in this dispute. At the following DSB meeting, on April 13, 2012, the United States informed the DSB of its intention to implement the recommendations and rulings of the DSB in connection with this matter. On September 23, 2012, the United States notified the DSB that it has brought the challenged measures into compliance with the recommendations and rulings of the DSB.

On September 25, 2012, the EU requested consultations regarding the U.S. notification. The United States and the EU held consultations on October 10, 2012. On October 11, 2012, the EU requested that the DSB refer the matter to the original Panel pursuant to Article 21.5 of the DSU. The DSB did so at a meeting held on October 23, 2012. On October 30, 2012, the compliance Panel was composed with the members of the original Panel: Mr. Crawford Falconer, Chair; and Mr. Francisco Orrego Vicuña and Mr. Virachai Plasai, Members. The compliance Panel held a meeting with the parties on October 29-31, 2013. The Panel is expected to issue a report in 2016.

On September 27, 2012, the EU requested authorization from the DSB to impose countermeasures. On October 22, 2012, the United States objected to the level of suspension of concessions requested by the EU, and the matter was referred to arbitration pursuant to Article 22.6 of the DSU. On November 27, 2012, the

United States and the EU each requested that the arbitration be suspended pending the conclusion of the compliance proceeding.

*United States – Measures Concerning the Importation, Marketing, and Sale of Tuna and Tuna Products (WT/DS381)*

On October 24, 2008, Mexico requested consultations regarding U.S. dolphin-safe labeling provisions for tuna and tuna products. These provisions prohibit labeling tuna and tuna products as dolphin-safe if the tuna was caught by using purse-seine nets intentionally set on dolphins, a technique Mexico uses to catch tuna in the Eastern Tropical Pacific Ocean. Mexico challenged three U.S. measures: (1) the Dolphin Protection Consumer Information Act (19 U.S.C. § 1385); (2) certain dolphin-safe labeling regulations (50 C.F.R. §§ 216.91-92); and (3) the Ninth Circuit decision in Earth Island v. Hogarth, 494 F.3d. 757 (Ninth Cir. 2007). On April 20, 2009, at Mexico's request, the DSB established a WTO panel to examine these measures. Mexico alleged that these measures accord imports of tuna and tuna products from Mexico less favorable treatment than like products of national origin and like products originating in other countries and fail to immediately and unconditionally accord imports of tuna and tuna products from Mexico any advantage, favor, privilege, or immunity granted to like products in other countries. Mexico further alleged that the U.S. measures create unnecessary obstacles to trade and are not based on relevant international standards. Mexico alleges that the U.S. measures are inconsistent with Articles I and III of the GATT 1994 and Article 2 of the TBT Agreement.

On December 14, 2009, the Panel was composed by the Director-General to include Mr. Mario Matus, Chair, Ms. Elizabeth Chelliah, and Mr. Franz Perrez. The Panel issued its interim report on May 5, 2011, and its final report to the parties on July 8, 2011. The final report was circulated to Members and the public on September 15, 2011.

The Panel found the U.S. dolphin safe provisions are technical regulations within the meaning of Annex 1.1 of the TBT Agreement; not inconsistent with Article 2.1 of the TBT Agreement because they do not afford less favorable treatment to Mexican tuna products; inconsistent with Article 2.2 of the TBT Agreement because they are more trade restrictive than necessary to achieve their objectives; and not inconsistent with Article 2.4 of the TBT Agreement because the alternative measure put forth by Mexico would not be an effective means of achieving the objective of the U.S. measures. The Panel exercised judicial economy with respect to the GATT 1994 claims in light of its findings under Article 2.1 of the TBT Agreement.

The United States appealed aspects of the report on January 20, 2012, and Mexico appealed aspects of the report on January 25, 2012. The Appellate Body circulated its report on May 16, 2012. In its key findings, the Appellate Body rejected the U.S. appeal and upheld the Panel's finding that the measure at issue is a technical regulation; agreed with Mexico's appeal and overturned the Panel's finding that the U.S. measure is consistent with the national treatment provisions of Article 2.1 of the TBT Agreement; agreed with the U.S. appeal and overturned the Panel's finding that the measure at issue is more trade restrictive than necessary under Article 2.2 of the TBT Agreement; and agreed with the U.S. appeal and overturned the Panel's finding that the AIDCP is a relevant international standard within the meaning of Article 2.4 of the TBT Agreement.

On June 13, 2012, the DSB adopted the Appellate Body report, and the Panel report as modified by the Appellate Body report. On September 17, 2012, the United States and Mexico notified the DSB that they agreed on a RPT for the United States to implement the recommendations and rulings of the DSB, ending on July 13, 2013.

On July 23, 2013, the Unites States announced that it had fully complied with the DSB's recommendations and rulings through a final rule of the National Oceanic and Atmospheric Administration (NOAA) that came into effect on July 13, 2013. The final rule enhances the documentary requirements for certifying that no dolphins were killed or seriously injured in the sets or other gear deployments in which the tuna were caught outside the Eastern Tropical Pacific.

On November 25, 2013, Mexico requested that the DSB establish a compliance panel to determine whether the U.S. dolphin-safe labeling provisions, as amended by the new final rule, are consistent with U.S. WTO obligations. At its meeting on January, 22 2014, the DSB referred the matter to the original Panel, and on January 27, 2014 the Panel was composed with the members of the original Panel. Mexico has claimed that the U.S. dolphin-safe labeling provisions are inconsistent with Article 2.1 of the TBT Agreement and Articles I:1 and III:4 of the GATT 1994.

The Panel met with the parties on August 19-21, 2014. The Panel issued its report on April 14, 2015. In its report, the Panel found that the amended dolphin-safe labeling measure was inconsistent with Article 2.1 of the TBT Agreement and Articles I:1 and III:4 of the GATT 1994 and, although the measure was preliminarily justified under Article XX(g) of the GATT 1994, was not applied consistently with the Article XX chapeau.

The United States appealed aspects of the compliance panel's report on June 5, 2015, and Mexico appealed aspects of the report on June 10, 2015. The Appellate Body circulated its report on November 20, 2015. The Appellate Body found that the compliance panel had erred in its analytical approach to the amended measure, and it reversed the Panel's findings as to the measure's consistency with the covered agreements as to the eligibility criteria, the certification requirements, and the tracking and verification requirements. The Appellate Body found, however, that because the compliance panel had not made a proper factual assessment of the matter, the Appellate Body could not complete the analysis and made no findings as to those three regulatory distinctions under either Article 2.1 of the TBT Agreement or Article XX of the GATT 1194. The Appellate Body also found that analysis of other aspects of the measure did not depend on factual findings and that these aspects rendered the measure inconsistent with Article 2.1 of the TBT Agreement and Article XX of the GATT 1994.

On December 3, 2015, the DSB adopted the Article 21.5 Appellate Body report and Article 21.5 panel report, as modified by the Appellate Body report.

*United States – Certain Country of Origin Labeling (COOL) Requirements (Canada) (DS384)*

On December 1, 2008, Canada requested consultations with the United States regarding U.S. mandatory country of origin labeling (COOL) provisions. Canada requested supplemental consultations with the United States regarding this matter on May 7, 2009. Canada challenges the COOL provisions of the *Agricultural Marketing Act of 1946*, as amended by the *Farm, Security and Rural Investment Act of 2002* (2002 Farm Bill), and *Food, Conservation, and Energy Act, 2008* (2008 Farm Bill), the USDA Interim Final Rule on COOL published on August 1, 2008 and on August 28, 2008, respectively, the USDA Final Rule on COOL published on January 15, 2009, and a February 20, 2009 letter issued by the Secretary of Agriculture. These provisions relate to an obligation to inform consumers at the retail level of the country of origin of covered commodities, including beef and pork.

Canada alleges that the COOL requirements are inconsistent with Articles III:4, IX:2, IX:4, and X:3(a) of the GATT 1994, Articles 2.1, 2.2, and 2.4 of the TBT Agreement, or in the alternative, Articles 2, 5, and 7 of the SPS Agreement, and Articles 2(b), 2(c), 2(e), and 2(j) of the Agreement on Rules of Origin. Canada asserts that these violations nullify or impair the benefits accruing to Canada under those Agreements and

further appear to nullify or impair the benefits accruing to Canada within the meaning of GATT 1994 Article XXIII:1(b).

Consultations were held on December 16, 2008, and supplemental consultations were held on June 5, 2009. On October 7, 2009, Canada requested the establishment of a panel, and on November 19, 2009, the DSB established a single panel to examine both this dispute and Mexico's dispute regarding COOL (see WT/DS386). On May 10, 2010, the Director General composed the panel as follows: Mr. Christian Häberli, Chair; and Mr. Manzoor Ahmad and Mr. Joao Magalhaes, Members.

The Panel circulated its final report on November 18, 2011. The final report found that the COOL measure (the COOL statute and USDA's Final Rule together), in respect of muscle cut meat labels, breaches TBT Article 2.1 because it affords Canadian livestock less favorable treatment than it affords U.S. livestock. With respect to Article 2.2 of the TBT Agreement, the Panel found that the objective of the COOL measure was to provide consumers with information about the origin of the meat products that they buy at the retail level, and that consumer information on origin is a legitimate objective that WTO Members, including the United States, are permitted to pursue with their measures. However, the Panel found that the COOL measure breaches TBT Article 2.2 because it fails to fulfill its legitimate objective of providing consumer information on origin with respect to meat products. The Panel also found that the Vilsack Letter breaches GATT Article X:3 because it does not constitute a reasonable administration of the COOL measure. On April 5, 2012, USDA withdrew the Vilsack Letter.

On March 23, 2012, the United States appealed the Panel's findings on Article 2.1 and 2.2. On March 28, 2012, Canada appealed certain aspects of the Panel's Article 2.2 analysis, the Panel's failure to make a finding on its claim under Articles III:4 of the GATT 1994, and made a conditional appeal on its claim under Article XXIII:1(b) of the GATT 1994. The Appellate Body agreed with the United States that the Panel's Article 2.2 analysis was insufficient. Moreover, the Appellate Body found that, due to the absence of relevant factual findings by the Panel and the lack of sufficient undisputed facts on the record, the Appellate Body was unable to complete the analysis under Article 2.2, and Canada's claim must fail. With regard to Article 2.1, the Appellate Body upheld the Panel's finding that the COOL measure was inconsistent with the national treatment obligation, albeit with different reasoning. The Appellate Body first upheld the Panel's finding that COOL measure has a disparate impact on Canadian livestock. However, the Appellate Body reasoned that the analysis could not end there but that the Panel should have analyzed whether the detrimental impact stemmed exclusively from a legitimate regulatory distinction. The Appellate Body found that the COOL measure did not as it imposes costs that are disproportionate to the information conveyed by the labels. Having upheld the Panel's Article 2.1 finding, the Appellate body found it unnecessary to make findings on Canada's appeals under Articles III:4 and XXIII:1(b) of the GATT 1994.

On December 4, 2012, a WTO arbitrator determined that the RPT for the United States to comply with the DSB recommendations and rulings is 10 months, meaning that the RPT ends on May 23, 2013.

On May 24, 2013, the United States announced that it had fully implemented the DSB's recommendations and rulings through a new final rule issued by USDA on May 23, 2013. The final rule modifies the labeling provisions for muscle cut covered commodities to require the origin designations to include information about where each of the production steps (*i.e.*, born, raised, slaughtered) occurred and removes the allowance for commingling.

On September 25, 2013, at the request of Canada, the DSB referred the matter raised by Canada in its panel request to a compliance panel to determine whether the COOL program, as amended by the May 23 final rule, is consistent with U.S. WTO obligations. Canada makes claims under Articles 2.1 and 2.2 of the TBT Agreement and Articles III:4 and XXIII:1(b) of the GATT 1994.

On October 20, 2014, the compliance Panel circulated its final report. The Panel found that the amended COOL measure is inconsistent with Article 2.1 of the TBT Agreement because it accords imported Canadian livestock treatment less favorable than that accorded to like domestic livestock. In particular, the Panel found that this was so because the measure results in a detrimental impact on the competitive opportunities of Canadian livestock, and this detrimental impact does not stem exclusively from a legitimate regulatory distinction. The Panel further found that Canada had not made a *prima facie* case that the amended COOL measure is more trade restrictive than necessary and, therefore, inconsistent with Article 2.2 of the TBT Agreement. With respect to the GATT 1994 claims, the Panel found that the amended COOL measure violates Article III:4 of the GATT 1994 because it has a detrimental impact on the competitive opportunities of imported Canadian livestock, and thus accords "less favourable treatment" to imported products. In light of this finding, the Panel exercised judicial economy with regard to Canada's non-violation claim under Article XXIII:1(b) of the GATT 1994.

On November 28, 2014, the United States filed its notice of appeal, and on December 5, 2014, the United States filed its appellant submission. The United States appealed the Panel's findings on Article 2.1 of the TBT Agreement and on Article III:4 of the GATT 1994. The United States also challenged the Panel's failure to address the availability of the exceptions provided for in Article XX of the GATT 1994. On December 12, 2014, Canada appealed other of the Panel's findings.

On May 18, 2015, the Appellate Body circulated its report. The Appellate Body upheld the compliance Panel's findings with respect to Article 2.1. of the TBT Agreement. In particular, it maintained the compliance Panel's conclusions with respect to the alleged lack of accuracy of the labels, the burdens imposed by "heightened" recordkeeping and verification requirements, and the relevance of exemptions from the labeling requirements. The Appellate Body also upheld the compliance Panel's ultimate determination with respect to Article 2.2 of the TBT Agreement.

On June 4, 2015, Canada sought authorization to suspend concessions under the covered agreements. On June 16, 2015, the United States objected to the level of suspension of concessions or obligations sought by Canada, thus referring the matter to arbitration pursuant to Article 22.6 of the DSU. On December 7, 2015, the decision by the Arbitrator was circulated to Members. In considering the level of nullification or impairment of the benefits accruing to Canada, the Arbitrator rejected requests to consider the domestic effect of the amended COOL measure on Canadian prices, and instead focused on the trade impact of the amended COOL measure. The Arbitrator found that the level of nullification or impairment attributable to the amended COOL measure was CAD 1,054,729 million annually. On December 21, 2015, the DSB granted authorization to Canada to suspend concessions consistent with the award of the Arbitrator, and pursuant to the DSU, the authorization shall be equivalent to the level of nullification or impairment.

On December 18, 2015, the President signed legislation repealing the country of origin labeling requirement for beef and pork. This action withdraws the WTO-inconsistent measure and brings the United States into compliance with the WTO's recommendations and rulings.

*United States – Certain Country of Origin Labeling (COOL) Requirements (Mexico) (DS386)*

On December 17, 2008, Mexico requested consultations regarding U.S. mandatory country of origin labeling (COOL) provisions. Mexico requested supplemental consultations with the United States regarding this matter on May 7, 2009. Mexico challenges the COOL provisions of the *Agricultural Marketing Act of 1946*, as amended by the *Farm, Security and Rural Investment Act of 2002* (2002 Farm Bill), and the *Food, Conservation, and Energy Act, 2008* (2008 Farm Bill), the USDA Interim Final Rule on COOL published on August 1, 2008 and on August 28, 2008, respectively, the USDA Final Rule on COOL published on January 15, 2009, and a February 20, 2009 letter issued by the Secretary of Agriculture.

These provisions relate to an obligation to inform consumers at the retail level of the country of origin of covered commodities, including beef and pork.

Mexico alleges that the COOL requirements are inconsistent with Articles III:4, IX:2, IX:4, and X:3(a) of the GATT 1994, Articles 2.1, 2.2, 2.4, 12.1, and 12.3 of the TBT Agreement, or in the alternative, Articles 2, 5, and 7 of the SPS Agreement, and Articles 2(b), 2(c), and 2(e), of the Agreement on Rules of Origin. Mexico asserts that these violations nullify or impair the benefits accruing to Mexico under those Agreements and further appear to nullify or impair the benefits accruing to Mexico within the meaning of GATT 1994 Article XXIII:1(b).

Consultations were held on February 27, 2009, and supplemental consultations were held on June 5, 2009. On October 9, 2009, Mexico requested the establishment of a panel in this dispute, and November 19, 2009, the DSB established a single panel to examine both this dispute and Canada's dispute regarding COOL (see WT/DS384). On May 10, 2010, the Director General composed the panel as follows: Mr. Christian Häberli, Chair; and Mr. Manzoor Ahmad and Mr. Joao Magalhaes, Members.

The Panel circulated its final report on November 18, 2011. The final report found that the COOL measure (the COOL statute and USDA's Final Rule together), in respect of muscle cut meat labels, breaches TBT Article 2.1 because it affords Mexican livestock less favorable treatment than it affords U.S. livestock. Under TBT Article 2.2, the Panel found that the objective of the COOL measure was to provide consumers with information about the origin of the meat products that they buy at the retail level, and that consumer information on origin is a legitimate objective that WTO Members, including the United States, are permitted to pursue with their measures. However, the Panel found that the COOL measure breaches TBT Article 2.2 because it fails to fulfill its legitimate objective of providing consumer information on origin with respect to meat products.

The Panel rejected Mexico's claim under TBT Article 2.4 that the United States was required to base origin under the COOL measure on the principle of substantial transformation, concluding that using this principle would be an ineffective and inappropriate means to fulfill the U.S. legitimate objective of providing consumers with information about the origin of the meat products they buy. The Panel also rejected Mexico's claims under TBT Articles 12.1 and 12.3, concluding that the United States did not fail to take account of Mexico's needs as a developing country Member.

Finally, the Panel found that the Vilsack Letter breaches GATT Article X:3 because it does not constitute a reasonable administration of the COOL measure. On April 5, 2012, USDA withdrew the Vilsack Letter.

On March 23, 2012, the United States appealed the Panel's findings on Article 2.1 and 2.2. On March 28, 2012, Mexico appealed certain aspects of the Panel's Article 2.2 analysis, and made a conditional appeal on its claims under Articles III:4 and XXIII:1(b) of the GATT 1994. The Appellate Body agreed with the United States that the Panel's Article 2.2 analysis was insufficient. Moreover, the Appellate Body found that, due to the absence of relevant factual findings by the Panel and the lack of sufficient undisputed facts on the record, the Appellate Body was unable to complete the analysis under Article 2.2, and Canada's claim must fail. With regard to Article 2.1, the Appellate Body upheld the Panel's finding that the COOL measure was inconsistent with the national treatment obligation, albeit with different reasoning. The Appellate Body first upheld the Panel's finding that the COOL measure has a disparate impact on Mexican livestock. However, the Appellate Body reasoned that the analysis could not end there but that the Panel should have analyzed whether the detrimental impact stemmed exclusively from a legitimate regulatory distinction. The Appellate Body found that the COOL measure did not as it imposes costs that are disproportionate to the information conveyed by the labels. Having upheld the Panel's Article 2.1 finding, the Appellate body found it unnecessary to make findings on Mexico's appeals under Articles III:4 and XXIII:1(b) of the GATT 1994.

On December 4, 2012, a WTO arbitrator determined that the RPT for the United States to comply with the DSB recommendations and rulings is 10 months, meaning that the RPT ends on May 23, 2013.

On May 24, 2013, the United States announced that it had fully implemented the DSB's recommendations and rulings through a new final rule issued by USDA on May 23, 2013. The final rule modifies the labeling provisions for muscle cut covered commodities to require the origin designations to include information about where each of the production steps (*i.e.*, born, raised, slaughtered) occurred and removes the allowance for commingling.

On September 25, 2013, at the request of Mexico, the DSB referred the matter raised by Mexico in its panel request to a compliance Panel to determine whether the COOL program, as amended by the May 23 final rule, is consistent with U.S. WTO obligations. Mexico makes claims under Articles 2.1 and 2.2 of the TBT Agreement and Articles III:4 and XXIII:1(b) of the GATT 1994.

On October 20, 2014, the compliance Panel circulated its final report. The Panel found that the amended COOL measure is inconsistent with Article 2.1 of the TBT Agreement because it accords imported Mexican livestock treatment less favorable than that accorded to like domestic livestock. In particular, the Panel found that this was so because the measure results in a detrimental impact on the competitive opportunities of Mexican livestock, and this detrimental impact does not stem exclusively from a legitimate regulatory distinction. The Panel further found that Mexico had not made a *prima facie* case that the amended COOL measure is more trade restrictive than necessary and, therefore, inconsistent with Article 2.2 of the TBT Agreement. With respect to the GATT 1994 claims, the Panel found that the amended COOL measure violates Article III:4 of the GATT 1994 because it has a detrimental impact on the competitive opportunities of imported Mexican livestock, and thus accords "less favourable treatment" to domestic products. In light of this finding, the Panel exercised judicial economy with regard to Mexico's non-violation claim under Article XXIII:1(b) of the GATT 1994.

On November 28, 2014, the United States filed its notice of appeal, and on December 5, 2014, the United States filed its appellant submission. The United States appealed the Panels' findings on Article 2.1 of the TBT Agreement and on Article III:4 of the GATT 1994. The United States also challenged the Panel's failure to address the availability of the exceptions provided for in Article XX of the GATT 1994. On December 12, 2014, Mexico appealed other of the Panel's findings.

On May 18, 2015, the Appellate Body released its report. The Appellate Body upheld the compliance Panel's findings with respect to Article 2.1. of the TBT Agreement. In particular, it maintained the compliance Panel's conclusions with respect to the accuracy of the labels, the burdens imposed by recordkeeping and verification requirements, and the impact of exemptions. The Appellate Body also upheld the compliance Panel's ultimate determination with respect to Article 2.2 of the TBT Agreement. However, in the context of Article 2.2., the Appellate Body found that the compliance Panel should have completed its analysis regarding the "gravity of the consequences of non-fulfilment," noting that difficulties and imprecision that arise in this analysis do not excuse the Panel from reaching an overall conclusions.

On June 4, 2015, Mexico sought authorization to suspend certain concessions and other obligations under the covered agreements. On June 12, 2015, Mexico revised the amount of suspension of concessions sought. Mexico removed this item from the agenda of the DSB meeting on June 17, 2015, and submitted a revised request for authorization from the DSB. On June 22, 2015, the United States objected to the level of suspension of concessions or obligations sought by Mexico, thus referring the matter to arbitration pursuant to Article 22.6 of the DSU. On December 7, 2015, the decision by the Arbitrator was circulated to Members. In considering the level of nullification or impairment of the benefits accruing to Mexico, the Arbitrator rejected requests to consider the domestic effect of the amended COOL measure on Mexican

prices, and instead focused on the trade impact of the amended COOL measure. The Arbitrator found that the level of nullification or impairment attributable to the amended COOL measure was U.S. $227,758 million annually. On December 21, 2015, the DSB granted authorization to Mexico to suspend concessions consistent with the award of the Arbitrator, and pursuant to the DSU, the authorization shall be equivalent to the level of nullification or impairment.

On December 18, 2015, the President signed legislation repealing the country of origin labeling requirement for beef and pork. This action withdraws the WTO-inconsistent measure and brings the United States into compliance with the WTO's recommendations and rulings.

*United States – Anti-dumping Measures on Certain Shrimp from Vietnam (DS404)*

On February 1, 2010, the United States received from Vietnam a request for consultations pertaining to antidumping duties imposed by the United States pursuant to the final results issued by Commerce in several administrative reviews of the antidumping duty order on imports of certain frozen and canned warm water shrimp from Vietnam. Vietnam claimed that certain actions by Commerce and U.S. Customs and Border Protection with respect to several administrative reviews and with respect to any ongoing or future administrative review or sunset review concerning this antidumping duty order, as well as various U.S. laws, regulations, administrative procedures, practices, and policies, both as such and as applied, are inconsistent with U.S. commitments and obligations under Articles I, II, VI:1 and VI:2 of the GATT 1994, Articles 1, 2.1, 2.4, 2.4.2, 6.8, 6.10, 9.1, 9.3, 9.4, 11.2, 11.3, 18.1, and 18.4 and Annex II of the Antidumping Agreement; Article XVI:4 of the Marrakesh Agreement Establishing the World Trade Organization; and Vietnam's Protocol of Accession.

The United States and Vietnam held consultations on March 23, 2010. On April 19, 2010, Vietnam requested that the DSB establish a panel. The DSB did so at its meeting on May 18, 2010. On July 26, 2010, the Director General composed the panel as follows: Mr. Mohammad Saeed, Chair; and Ms. Deborah Milstein and Mr. Iain Sanford, Members.

The Panel circulated its report on July 11, 2011. The Panel found that the use of "zeroing" in the second and third administrative reviews of the shrimp antidumping order was inconsistent with Article 2.4 of the Antidumping Agreement, and the use of "zeroing" in administrative reviews is inconsistent "as such" with Article 9.3 of the Antidumping Agreement and Article VI:2 of the GATT 1994. The Panel also found that the use of antidumping margins determined using "zeroing" to calculate the "all others" rate in the second and third administrative reviews was inconsistent with Article 9.4 of the Antidumping Agreement. The Panel found that the application to the Vietnam-wide entity of an antidumping margin different from the "all others" rate was also inconsistent with Article 9.4 of the Antidumping Agreement. The Panel rejected Vietnam's claim that Commerce's determination to limit the number of individually examined respondents was inconsistent with various provisions of the Antidumping Agreement, and the Panel rejected Vietnam's claims relating to "continued use," finding those claims to be outside the Panel's terms of reference.

On September 2, 2011, the DSB adopted its recommendations and rulings as set out in the Panel's report. The United States and Vietnam agreed that the RPT for the United States to implement the recommendations and rulings of the DSB would end on July 2, 2012.

*United States — Anti-Dumping Measures on Certain Frozen Warmwater Shrimp from Vietnam (DS429)*

On February 21, 2012, the United States received from Vietnam a request for consultations pertaining to antidumping duties imposed by the United States pursuant to the final results issued by Commerce in a number of administrative reviews and the sunset review of the antidumping duty order on imports of certain frozen and canned warm water shrimp from Vietnam. Vietnam claimed that certain actions by Commerce

with respect to the administrative reviews identified, and with respect to any ongoing or future administrative review, as well as the sunset review concerning this antidumping duty order, as well as various U.S. laws, regulations, administrative procedures, practices, and policies, both as such and as applied, are inconsistent with U.S. commitments and obligations under Articles 1:1, VI: 1, VI:2, and X:3(a) of the GATT 1994; Articles 1, 2.1, 2.4, 2.4.2, 6, 9, 11, 17.6(i), and Annex II of the Antidumping Agreement; Article XVI:4 of the Marrakesh Agreement Establishing the World Trade Organization; Articles 3.7, 19.1, 21.1, 21.3, and 21.5 of the DSU; and Vietnam's Protocol of Accession. Specifically, Vietnam complained that Commerce used "zeroing" in the administrative reviews of the antidumping duty order on imports of shrimp, Commerce failed to provide most Vietnamese respondents seeking a review an opportunity to demonstrate the absence of dumping by being permitted to participate in a review, the treatment of the Vietnam-wide entity as a "single entity" and the application of adverse facts available to the entity, the use of dumping margins determined using a "zeroing" methodology in the final determination of the sunset review, and the use of WTO-inconsistent antidumping duty assessment rates applied to unliquidated entries that are assessed following a section 129 determination that implements an adverse DSB ruling.

The United States and Vietnam held consultations on March 28, 2012. On December 17, 2012, Vietnam requested the establishment of a panel. Vietnam filed a revised panel request on January 17, 2013. The DSB established a panel on February 27, 2013 and the Parties agreed to the composition of the panel on July 12, 2013, as follows: Mr. Simon Farbenbloom, Chair; and Mr. Adrian Makuc and Mr. Abd El Rahman Ezz El Din Fawzy, Members.

The Panel met with the parties on December 10-11, 2013 and March 25-26, 2014.

The Panel circulated its report on November 17, 2014. The Panel rejected Vietnam's claim that the use of "zeroing" in administrative reviews was inconsistent "as such" with Article 9.3 of the Antidumping Agreement and Article VI: of the GATT 1994, but found that the use of "zeroing" was inconsistent with these provision "as applied" in three of the administrative reviews at issue. The Panel found that Commerce's presumption that all producers and exporters in Vietnam belonged to a single, non-market ("NME") entity was inconsistent "as such" and "as applied" in the administrative reviews at issue with Articles 6.10 and 9.2 of the Antidumping Agreement. The Panel rejected Vietnam's claim that the manner in which Commerce determined the NME-wide entity rate, in particular concerning the use of facts available, was inconsistent "as such" with Articles 6.8 and 9.4 and Annex II of the Antidumping Agreement; but found that the United States acted inconsistently with Article 9.4 of the Antidumping Agreement in assigning the NME-wide entity a duty rate exceeding the ceiling applicable under that provision in the administrative reviews at issue. The Panel also rejected Vietnam's claim that section 129(c)(1) was inconsistent with Articles 1, 9.2, 9.3, 11.1, and 18.1 of the Antidumping Agreement. Finally, the Panel found that Commerce's reliance on WTO-inconsistent margins of dumping in its likelihood-of-dumping determination in the first sunset review was inconsistent with Article 11.3 of the Antidumping Agreement; and that Commerce's reliance on WTO-inconsistent margins of dumping in its treatment of requests for revocation made by certain Vietnamese producers/exporters in two of the administrative reviews at issue was inconsistent with Article 11.2 of the Antidumping Agreement.

On January 6, 2015, of its Vietnam appealed the Panel's finding that Vietnam had failed to establish that Section 129(c)(1) is inconsistent "as such" with Articles 1, 9.2, 9.3, 11.1, and 18.1 of the Antidumping Agreement. On January 26, 2015, the United States filed an appellee's submission in opposition to Vietnam's appeal. The oral hearing in the appeal was held on March 2, 2015.

On April 7, 2015, the Appellate Body issued its report. The Appellate Body upheld the Panel's finding that Vietnam had not established that section 129(c)(1) is inconsistent "as such" with Articles 1, 9.2, 9.3, 11.1, and 18.1 of the Antidumping Agreement.

On April 22, 2015, the DSB adopted its recommendations and rulings in the dispute. On May 20, the United States stated its intention to comply with the DSB's findings in a manner that respects its WTO obligations and that it would need a RPT to do so.

On September 17, 2015, Vietnam requested that the RPT be determined through arbitration pursuant to Article 21.3(c) of the DSU.

By joint letter dated October 7, 2015, Vietnam and the United States agreed on Mr. Simon Farbenbloom as the Arbitrator. On December 15, 2015, the Arbitrator issued his award, deciding that the RPT would be 15 months, ending on July 22, 2016.

*United States — Countervailing Measures on Certain Hot-Rolled Carbon Steel Flat Products from India (DS436)*

On April 24, 2012, India requested consultations concerning countervailing measures on certain hot-rolled carbon steel flat products from India. India challenged the Tariff Act of 1930, in particular sections 771(7)(G) regarding accumulation of imports for purposes of an injury determination and 776(b) regarding the use of "facts available". India also challenged Title 19 of the Code of Federal Regulations, sections 351.308 regarding "facts available" and 351.511(a)(2)(i)-(iv), which relates to Commerce's calculation of benchmarks. In addition, India challenged the application of these and other measures in Commerce's countervailing duty determinations and the USITC's injury determination. Specifically, India argued that these determinations were inconsistent with Articles I and IV of the GATT 1994 and Articles 1, 2, 10, 11, 12, 13, 14, 15, 19, 21, 22 and 32 of the SCM Agreement. The DSB established a panel to examine the matter on August 31, 2012. The panel was composed by the Director General on February 18, 2013, as follows: Mr. Hugh McPhail, Chair; Mr. Anthony Abad and Mr. Hanspeter Tschaeni, Members.

The Panel met with the parties on July 9-10, 2013, and on October 8-9, 2013. The Panel circulated its report on July 14, 2014. The Panel rejected India's claims against the U.S. statutes and regulations concerning facts available and benchmarks under Articles 12.7 and 14(d) of the SCM Agreement, respectively, but found that the U.S. statute governing accumulation was inconsistent with Article 15 of the SCM Agreement because it required the accumulation of both dumped and subsidized imports in the context of countervailing investigations. Consequently, the Panel also found that the ITC's injury determination breached U.S. obligations under Article 15.

The Panel rejected India's challenges under Article 1.1(a)(1) of the SCM Agreement to Commerce's "public body" findings in two instances, as well as most of India's claims with respect to Commerce's application of facts available under Article 12.7 in the determination at issue. The Panel also rejected most of India's claims against Commerce's specificity determinations under Article 2.1, and its calculation of certain benchmarks used in the proceedings under Article 14(d). The Panel found that Commerce's determination that certain low-interest loans constituted "direct transfers" of funds was consistent with Article 1.1(a)(1), but that Commerce's determination that a captive mining program constituted a financial contribution was not consistent with Article 1.1(a). Finally, the Panel found that Commerce did not act inconsistently with Articles 11, 13, 21 and 22 of the SCM Agreement when it analyzed new subsidy allegations in the context of review proceedings.

On August 8, 2014, India appealed the Panel's findings; on August 13, 2014, the United States also appealed certain of the Panel's findings. The Appellate Body released its report on December 8, 2014.

The Appellate Body upheld the Panel's findings regarding the U.S. benchmarks regulation, but found that certain instances of Commerce's application of these regulations was inconsistent with Article 14(d). The Appellate Body also upheld the Panel's findings regarding accumulation, finding that the application of the

U.S. statute in the injury determination at issue was inconsistent with Article 15 of the SCM Agreement, and that the U.S. statute was inconsistent with that provision, although on different grounds than those found by the Panel. The Appellate Body rejected India's interpretation of "public body" under Article 1.1(a)(1), but reversed the Panel's finding that Commerce acted consistently in making the public body determination at issue on appeal. Regarding specificity, the Appellate Body rejected each of India's appeals under Article 2.1(c), as it did with respect to India's challenge to the Panel's finding under Article 1.1(a)(1)(i) relating to "direct transfers of funds". The Appellate Body also reversed the Panel's finding that Commerce had acted inconsistently with Article 1.1(a)(1)(iii) in finding that captive mining program constituted a provision of goods. Finally, the Appellate Body upheld the Panel's rejection of India's claims under Articles 11, 13 and 21 regarding new subsidy allegations. The Appellate Body reversed the Panel's findings under Article 22 of the SCM Agreement, but was unable to complete the analysis. The DSB adopted the Appellate Body report and the Panel report, as modified by the Appellate Body report, on December 19, 2014.

At the DSB meeting held on January 16, 2015, the United States notified the DSB of its intention to comply with the recommendations and rulings and indicated it would need a RPT to do so. On March 24, 2015, the United States and India informed the DSB that they had agreed on an RPT of 15 months, ending on March 19, 2016.

*United States — Countervailing Duty Measures on Certain Products from China (DS437)*

On May 25, 2012, China requested consultations regarding numerous U.S. countervailing duty determinations in which the U.S. Department of Commerce had determined that various Chinese state-owned enterprises were "public bodies" under Article 1.1(a)(1) of the SCM Agreement, with a view towards extending the Appellate Body's analysis in DS379 to those determinations. China challenged various other aspects of these investigations as well, including but not limited to Commerce's calculation of benchmarks, initiation standard, determination of specificity of the subsidies, use of facts available, and finding that export restraints were a countervailable subsidy.

Consultations were held in July 2012, and a panel was established in September 2012. The Panel was composed by the Director-General on November 26, 2012, as follows: Mr. Mario Matus, Chair; Mr. Scott Gallacher and Mr. Hugo Perezcano Díaz, Members. The Panel met with the parties on April 30-May 1, 2013, and on June 18-19, 2013. The panel circulated its report on July 14, 2014. The Panel found that Commerce's determinations in 12 investigations that certain state-owned enterprises were "public bodies" were inconsistent with Article 1.1(a)(1) of the SCM Agreement, based on the Appellate Body's analysis in DS379. However, the Panel found in favor of the United States with respect to China's claims regarding Commerce's calculation of benchmarks, initiation of investigations, and use of facts available, and the Panel upheld most of Commerce's specificity determinations. The Panel also found that China established that Commerce acted inconsistently with Article 11.3 of the SCM Agreement by initiating countervailing duty investigations of export restraints.

On August 22, 2014, China appealed the Panel's findings regarding Commerce's calculation of benchmarks, specificity determinations, and use of facts available. On August 27, 2014, the United States appealed the Panel's finding that a section of China's panel request setting forth claims related to Commerce's use of facts available was within the panel's terms of reference. The Appellate Body held a hearing in Geneva on October 16-17, 2014, with Ujal Singh Battia and Seung Wha Chang as Members, and Peter Van den Bossche as Chairman.

On December 18, 2014, the Appellate Body circulated its report. On benchmarks, the Appellate Body reversed the Panel and found that Commerce's determination to use out-of-country benchmarks in four countervailing duty investigations was inconsistent with Articles 1.1(b) and 14(d) of the SCM

Agreement. On specificity, the Appellate Body rejected one of China's claims with respect to the order of analysis in *de facto* specificity determinations. However, the Appellate Body reversed the Panel's findings that Commerce did not act inconsistently with Article 2.1 when it failed to identify the "jurisdiction of the granting authority" and "subsidy programme" before finding the subsidy specific. On facts available, the Appellate Body accepted China's claim that the Panel's findings regarding facts available are inconsistent with Article 11 of the DSU, and reversed the Panel's finding that Commerce's application of facts available was not inconsistent with Article 12.7 of the SCM Agreement. Lastly, the Appellate Body rejected the U.S. appeal of the Panel's finding that China's panel request failed to meet the requirement of Article 6.2 of the DSU to present an adequate summary of the legal basis its claim sufficient to present the problem clearly.

The DSB adopted the Appellate Body report and the Panel report, as modified by the Appellate Body report, on January 16, 2015. In a letter dated February 13, 2015, the United States notified the DSB of its intention to comply with its WTO obligations and indicated it would need a RPT to do so.

On June 26, 2015, China requested that the RPT be determined through arbitration pursuant to Article 21.3(c) of the DSU. On July 17, 2015, the Director General appointed Mr. Georges M. Abi-Saab as the arbitrator. On October 9, 2015, the arbitrator issued his award, deciding that the RPT would be 14 months and 16 days, ending on April 1, 2016.

*United States — Measures Affecting the Importation of Animals, Meat and Other Animal Products from Argentina (DS447)*

On August 30, 2012, Argentina requested consultations regarding inaction by the United States to authorize importation of fresh bovine meat from Argentina. U.S. law prohibits the importation of fresh meat from countries, pending a determination by the USDA as to whether, and under what import conditions, if any, such products can be safely imported without introducing foot-and-mouth disease (FMD) into the United States. At issue in this matter were the status of three applications by Argentina to the USDA to revise its prohibition and permit the importation of fresh bovine meat. Specifically, Argentina contended that U.S. measures are inconsistent with Articles 1.1, 2.2, 2.3, 3.1, 3.3, 5.1, 5.2, 5.4, 5.6, 6.1, 6.2, 8, and 10.1 of the SPS Agreement, and Article I:1 and Article XI:1 of the GATT 1994.

Consultations were held on October 18 and 19, 2012. Argentina requested the establishment of a panel on December 6, 2012, and the DSB established a panel on January 28, 2013. On August 8, 2013, the Director General composed the Panel as follows: Mr. Eirik Glenne, Chair; and Mr. Jaime Coghi and Mr. David Evans, Members. The Panel met with the parties on January 28 and 29, 2014, and September 2, 4-5, 2014.

The final report was issued on July 24, 2015. The Panel's report concluded that the U.S. measures were inconsistent with U.S. obligations under the SPS Agreement and the GATT 1994.

Prior to the issuance of the panel report, USDA issued two administrative documents (in August 2014 and July 2015) that lift the FMD ban on Argentina, and permit the importation of fresh bovine meat under certain conditions. In light of the regulatory actions taken by USDA prior to the conclusion of the panel proceeding, the United States notified the DSB at its meeting held on August 31, 2015, that the United States had addressed the matters raised in this dispute.

*United States — Measures Affecting the Importation of Fresh Lemons (DS448)*

On September 3, 2012, Argentina requested consultations regarding the U.S. failure thus far to grant import authorization for fresh lemons from Northwest Argentina. Consultations were held on October 17-18, 2012, in Geneva, Switzerland. Argentina submitted its request for establishment of a dispute settlement panel on December 6, 2012.

*United States — Countervailing and Anti-Dumping Measures on Certain Products from China (DS449)*

On September 17, 2012, the United States received a request for consultations from China regarding Public Law 112-99 ("P.L. 112-99") and determinations and actions made by Commerce, the USITC, and the U.S. Customs and Border Protection in connection with 31 joint antidumping and countervailing duty proceedings. China alleged in its consultation request that the retroactive nature of Section 1 of P.L. 112-99 and the difference in effective dates between Sections 1 and 2 of P.L. 112-99 are violations of GATT Article X. China further alleged that dozens of antidumping and countervailing duty proceedings initiated between November 20, 2006 and March 13, 2012 violated the United States' WTO obligations because the United States had no basis under domestic law to identify and avoid "double remedies" and U.S. authorities failed to "investigate and avoid double remedies."

China and the United States held consultations on November 5, 2012. On November 30, China requested the establishment of a panel. China and the United States held consultations on November 5, 2012. On November 30, China requested the establishment of a panel, and on December 17, 2012 a panel was established. On March 4, 2013, the Director General composed the panel as follows: Mr. José Graça Lima, Chair; and Mr. Donald Greenfield and Mr. Arie Reich, Members. The panel met with the parties on July 2-3, 2013, and August 27-28, 2013.

On March 27, 2014, the panel issued a report that rejected all of China's claims concerning the WTO-consistency of P.L. 112-99. However, the panel found that U.S. authorities failed to "investigate and avoid double remedies." Therefore, the panel found that 25 countervailing duty proceedings involving imports from China initiated between November 20, 2006, and March 13, 2012 were inconsistent with U.S. WTO obligations.

On April 8, 2014, China appealed the panel's interpretation of Article X:2 of the GATT 1994. On April 17, 2014, the United States filed its own appeal, challenging the sufficiency of China's panel request under Article 6.2 of the DSU, and requesting reversal of the panel's findings relating to the 25 countervailing duty proceedings involving imports from China.

On July 7, 2014, the Appellate Body issued its report. The Appellate Body found that the panel erred in its legal interpretation of Article X:2 of the GATT, and reversed the Panel's findings with respect to P.L. 112-99. The Appellate Body was unable to complete the analysis to determine the consistency of P.L. 112-99 with Article X:2 due to the lack of undisputed facts on the record. The Appellate Body found that China's panel request complied with Article 6.2 of the DSU.

On July 22, 2014, the DSB adopted its recommendations and rulings in the dispute. On August 21, 2014, the United States stated its intention to comply with the DSB recommendations and rulings, and that it would need a RPT to do so. The United States and China initially agreed to an RPT of 12 months. The United States and China subsequently agreed to extend the RPT, so as to expire on August 5, 2015. At the DSB meeting on August 31, 2015, the United States notified the DSB that it had implemented the recommendations and rulings of the DSB in the dispute.

*United States – Anti-Dumping and Countervailing Measures on Large Residential Washers from Korea (DS464)*

On August 29, 2013, the United States received from Korea a request for consultations pertaining to antidumping and countervailing duty measures imposed by the United States pursuant to final determinations issued by Commerce following antidumping and countervailing duty investigations regarding large residential washers ("washers") from Korea. Korea claimed that Commerce's

determinations, as well as certain methodologies used by Commerce, are inconsistent with U.S. commitments and obligations under Articles 1, 2, 2.1, 2.4, 2.4.2, 5.8, 9.3, 9.4, 9.5, 11, and 18.4 of the AD Agreement, Articles 1.1, 1.2, 2.1, 2.2, 10, 14, and 19.4 of the SCM Agreement, Articles VI, VI:1, VI:2, and VI:3 of the GATT 1994, and Article XVI:4 of the WTO Agreement. Specifically, Korea challenges Commerce's alleged use of "zeroing" and application of the second sentence of Article 2.4.2 of the AD Agreement, as applied in the washers antidumping investigation and "as such." Korea also challenges Commerce's determinations in the washers countervailing duty investigation that Article 10(1)(3) of Korea's Restriction of Special Taxation Act ("RSTA") is a subsidy that is specific within the meaning of Article 2.1 of the SCM Agreement, Commerce's determination of the amount of subsidy benefit received by a respondent under Article 10(1)(3) of the RSTA, Commerce's determination that Article 26 of the RSTA is a regionally specific subsidy, and Commerce's imposition of countervailing duties on one respondent that were attributable to tax credits that the respondent received for investments that it made under Article 26 of the RSTA.

The United States and Korea held consultations on October 3, 2013. On December 5, 2013, Korea requested that the DSB establish a panel, January 22, 2014, a panel was established. On June 20, 2014, the Director General composed the panel as follows: Ms. Claudia Orozco, Chair; and Mr. Mazhar Bangash and Mr. Hanspeter Tschaeni, Members. The panel held meetings with the parties on March 10-11, 2015, and on May 20-21, 2015. The panel is expected to issue its report in 2016.

*United States – Certain Methodologies and their Application to Anti-Dumping Proceedings Involving China (DS471)*

On December 3, 2013, the United States received from China a request for consultations pertaining to antidumping measures imposed by the United States pursuant to final determinations issued by Commerce following antidumping investigations regarding a number of products from China, including certain coated paper suitable for high-quality print graphics using sheet-fed presses, certain oil country tubular goods, high pressure steel cylinders, polyethylene terephthalate film, sheet, and strip; aluminum extrusions; certain frozen and canned warm water shrimp; certain new pneumatic off–the-road tires; crystalline silicon photovoltaic cells, whether or not assembled into modules; diamond sawblades and parts thereof; multilayered wood flooring; narrow woven ribbons with woven selvedge; polyethylene retail carrier bags; and wooden bedroom furniture. China claimed that Commerce's determinations, as well as certain methodologies used by Commerce, are inconsistent with U.S. obligations under Articles 2.4.2, 6.1, 6.8, 6.10, 9.2, 9.3, 9.4, and Annex II of the AD Agreement and Article VI:2 of the GATT 1994. Specifically, China challenges Commerce's application in certain investigations and administrative reviews of a "targeted dumping methodology," "zeroing" in connection with such methodology, a "single rate presumption for non-market economies," an "NME-wide methodology" including certain "features". China also challenges a "single rate presumption" and the use of "adverse facts available" "as such."

The United States and China held consultations on January 23, 2014. On February 13, 2014, China requested that the DSB establish a panel, and a panel was established on March 26, 2014. On August 28, 2014, the Director General composed the panel as follows: Mr. José Pérez Gabilondo, Chair; and Ms. Beatriz Leycegui Gardoqui and Ms. Enie Neri de Ross, Members. The panel held meetings with the parties on July 14-16, 2015, and on November 17-19, 2015. The panel is expected to issue its report in 2016.

*United States – Conditional Tax Incentives for Large Civil Aircraft (DS487)*

On December 19, 2014, the EU requested consultations with the United States with respect to "conditional tax incentives established by the State of Washington in relation to the development, manufacture, and sale of large civil aircraft." The EU alleges that such tax incentives are prohibited subsidies that are inconsistent with Articles 3.1(b) and 3.2 of the SCM Agreement. Consultations were held on February 2, 2015, and a

panel was established on February 23, 2015. The panel was composed by the Director General on April 22, 2015, as follows: Mr. Daniel Moulis, Chair; Mr. Terry Collins-Williams and Mr. Wilhelm Meier, Members. The panel is expected to issue its report in 2016.

*United States — Anti-Dumping Measures on Oil Country Tubular Goods from Korea (DS488)*

On April 18, 2014, the United States received from Korea a request for consultations pertaining to antidumping duties imposed on oil country tubular goods from Korea. Korea claimed that the calculation by Commerce of the constructed value profit rate for Korean respondents was inconsistent with U.S. obligations under Articles 2.2, 2.2.2, 2.4, 6.2, 6.4, 6.9, and 12.2.2 of the Antidumping Agreement and Articles I and X:3 of the GATT 1994. Korea also claimed that Commerce's decision regarding the affiliation of a certain Korean respondent to a supplier, and the effects of that decision, was inconsistent with Articles 2.2.1.1 and 2.3 of the Antidumping Agreement and that its selection of two mandatory respondents was inconsistent with Article 6.10, including Articles 6.10.1 and 6.10.2. Korea further claimed that Commerce's methodology for disregarding a respondent's exports to third-country markets was inconsistent "as such" and "as applied" in the investigation at issue with Article 2.2 of the Antidumping Agreement.

The United States and Korea held consultations on January 21, 2015. On February 23, Korea requested the establishment of a panel. The DSB established a panel on March 25, 2015, and the Parties agreed to the composition of the panel on July 13 as follows: Mr. John Adank, Chair; and Mr. Abd El Rahman Ezz El Din Fawzy and Mr. Gustav Brink, Members.

*United States – Anti-Dumping and Countervailing Measures on Certain Coated Paper from Indonesia (DS491)*

On March 13, 2015, Indonesia requested consultations concerning antidumping and countervailing duty measures pertaining to certain coated paper suitable for high-quality print graphics using sheet-fed presses. Indonesia alleges inconsistencies with Article VI of the GATT 1994, Articles 1, 3.5, 3.7 and 3.8 of the Antidumping Agreement, and Articles 2.1, 12.7, 10, 14(d), 15.5, 15.7 and 15.8 of the SCM Agreement.

With respect to the countervailing duty measures, Indonesia challenges Commerce's determinations that Indonesia's provision of standing timber, log export ban and debt forgiveness program are countervailable subsidies. Indonesia claims that Commerce determined both that the standing timber was provided for less than adequate remuneration and that the log export ban distorted prices without factoring in prevailing market conditions. Indonesia also alleges, in regards to all three subsidies, that Commerce failed to examine whether there was a plan or scheme in place sufficient to constitute a "subsidy programme" within the meaning of the SCM Agreement. Indonesia further claims that Commerce did not identify whether each subsidy was "specific to an enterprise … within the jurisdiction of the granting authority," as required by the SCM Agreement. In addition, Indonesia challenges Commerce's facts available determination in which it concluded that the Government of Indonesia forgave debt.

With respect to both the antidumping and countervailing duty measures, Indonesia alleges that the USITC threat of injury determination breached both the AD Agreement and SCM Agreement because it relied on allegation, conjecture, and remote possibility; was not based on a change in circumstances that was clearly foreseen and imminent; and showed no causal relationship between the subject imports and the threat of injury to the domestic industry.

Indonesia also raised an "as such" claim with respect to 19 U.S.C. § 1677(11)(B). Indonesia contends that the law does not consider or exercise "special care'" as a result of the requirement that a tie vote in a threat of injury determination must be treated as an affirmative ITC determination.

Consultations between Indonesia and the United States took place in Geneva on June 25, 2015. A panel was established on September 28, 2015.

# I. Trade Policy Review Body

**Status**

The Trade Policy Review Body (TPRB) is the subsidiary body of the General Council, created by the Marrakesh Agreement Establishing the WTO, to administer the Trade Policy Review Mechanism (TPRM). The TPRM examines domestic trade policies of each Member on a schedule designed to review the policies of the full WTO Membership on a timetable determined by trade volume. The express purpose of the review process is to strengthen Members' adherence to WTO provisions and to contribute to the smoother functioning of the multilateral trading system. Moreover, the review mechanism serves as a valuable resource for improving the transparency of Members' trade and investment regimes. Members continue to value the review process, because it informs each government's own trade policy formulation and coordination.

The Member under review works closely with the WTO Secretariat to provide pertinent information for the process. The Secretariat produces an independent report on the trade policies and practices of the Member under review. Accompanying the Secretariat's report is the Member's own report. In a TPRB session, the WTO Membership discusses these reports together, and the Member under review addresses issues raised in the reports and answers questions about its trade policies and practices. Reports cover the range of WTO agreements – including those relating to goods, services, and intellectual property – and are available to the public on the WTO's website at http://www.wto.org. Documents are filed on the website's "Documents Online" database under the document symbol "WT/TPR."

TPRs of least developed country (LDC) Members often perform a technical assistance function, helping them improve their understanding of their trade policy structure's relationship with the WTO Agreements. The reviews have also enhanced these countries' understanding of the WTO Agreements, thereby better enabling them to comply and integrate into the multilateral trading system. In some cases, the reviews have spurred better interaction among government agencies. The reports' wide coverage of Members' policies also enables Members to identify any shortcomings in policy and specific areas where further technical assistance may be appropriate.

The TPRM requires Members, in between their reviews, to provide information on significant trade policy changes. The WTO Secretariat uses this and other information to prepare reports by the Director General on a regular basis on the trade and trade-related developments of Members and Observer Governments. The reports are discussed at informal meetings of the TPRB. The Secretariat consolidates the information it collects and presents it in the Director General's Annual Report on Developments in the International Trading Environment.

**Major Issues in 2015**

During 2015, the TPRB reviewed the trade regimes of 24 Members (counting the EU as one). Members reviewed were Angola, Australia, Barbados, Brunei Darussalam, Cabo Verde, Canada, Chile, Dominican Republic, the EU, Guyana, Haiti, India, Japan, Jordan, Madagascar, Moldova, New Zealand, Pakistan, Southern African Customs Union (Botswana, Lesotho, Namibia, South Africa, Swaziland), and Thailand.

Since its inception in 1989 to the end of 2015, the TPRB has conducted 429 reviews. The reviews have covered 151 of 162 Members. Those Members not yet reviewed by the end-2015 are Cuba, Lao PDR, Montenegro, Russia, Samoa, Seychelles, Tajikistan, Ukraine, Vanuatu, and Yemen. Of the 34 LDC Members of the WTO, the TPRB had reviewed 31 by the end of 2015.

While each review highlights the specific issues and measures concerning the individual Member, certain common themes emerged during the course of the reviews conducted in 2015. These included:

- transparency in policy making and implementation;
- economic environment and trade liberalization;
- implementation of the WTO Agreements (including acceptance and implementation of the WTO TFA);
- regional trade agreements and their relationship with the multilateral trading system;
- tariff issues, including the differences between applied and bound rates;
- customs valuation and customs clearance procedures;
- the use of trade remedy measures such as antidumping and countervailing duties;
- technical regulations and standards and their alignment with international standards;
- sanitary and phytosanitary measures;
- intellectual property rights legislation and enforcement;
- government procurement policies and practices;
- trade-related investment policy issues;
- sectoral trade policy issues, particularly liberalization in agriculture and certain services sectors; and
- technical assistance in implementing the WTO Agreements and experience with Aid for Trade, and the Enhanced Integrated Framework.

**Prospects for 2016**

The TPRM continues to meet its transparency goals. It will continue to be an important tool for monitoring Members' compliance with WTO commitments and an effective forum in which to encourage Members to meet their obligations and to adopt further trade liberalizing measures. For 2016, the proposed program of reviews is Albania, Democratic Republic of the Congo, El Salvador, Fiji, Georgia, Guatemala, Honduras, Korea, Malawi, Maldives, Morocco, Russia, Saudi Arabia, Sierra Leone, Singapore, Solomon Islands, Sri Lanka, Tunisia, Turkey, Ukraine, United Arab Emirates, the United States, and Zambia.

# J. Other General Council Bodies/Activities

## 1. Committee on Trade and Environment

**Status**

The WTO General Council created the Committee on Trade and Environment (CTE) on January 31, 1995, pursuant to the Marrakesh Ministerial Decision on Trade and Environment. Since then, the CTE has discussed many important issues, with a focus on those identified in the Doha Declaration. These issues include: market access associated with environmental measures (Doha paragraph 32(i)); the TRIPS Agreement and the environment (Doha paragraph 32(ii)); labeling for environmental purposes (Doha paragraph 32(iii)); capacity-building and environmental reviews (Doha paragraph 33); and discussion of the environmental aspects of the Doha negotiations (Doha paragraph 51). These issues identified in the Doha Declaration are separate from the issues contained in Doha paragraph 31 that are subject to specific

negotiating mandates taken up by the Committee on Trade and Environment Special Session (CTESS) (*for additional information, see Chapter II.B.6.*).

**Major Issues in 2015**

In 2015, the CTE met twice under the Chairmanship of the Permanent Representative of Hong Kong, China, on June 22 and October 6.

As noted above, the CTE's work was organized under the mandate established in the Doha Ministerial Declaration, Paragraphs 32, 33, and 51. Discussions took place mainly on environmental requirements and market access issues under Paragraph 32(i): "The effect of environmental measures on market access, especially in relation to developing countries, in particular the least-developed among them, and those situations in which the elimination or reductions of trade restrictions and distortions would benefit trade, the environment and development." Other items addressed by the CTE were under Paragraph 32(iii) on labelling requirements for environmental purposes, and item 1 of the CTE Work Program ("The relationship between the provisions of the multilateral trading system and trade measures for environmental purposes, including those pursuant to multilateral environmental agreements").

Under Paragraph 32(i), delegations, notably the EU, Thailand, Chinese Taipei, and Canada, provided presentations on elements of their energy efficiency policies. Other presenters included: China, on its "Ecological Civilization Strategy," which is intended to intensify environmental protection and resource conservation; the International Hydropower Association, on behalf of Canada, on the "Hydropower Sustainability Assessment Protocol;" Malaysia, on its Timber Certification Scheme; Russia, on its national experience in the area of illegal logging; New Zealand and Norway, on efforts on tracking inefficient fossil fuel subsidies; and Ecuador, Mexico, the EU, and the United States, on their respective initiatives concerning illegal, unreported, and unregulated (IUU) fishing. Additionally, the Organization for Economic Co-operation and Development (OECD) briefed the CTE on the broad array of measures that are being used worldwide to improve energy efficiency, and the International Organization for Standardization (ISO) provided an overview of its standards relating to energy efficiency, including ISO 50001.

Under Paragraph 32 (iii), China presented on its environmental labelling scheme, which was established in 1993 and covers 97 product categories. Also, Chinese Taipei provided an overview of its Green Mark Programme launched in 1992.

No discussion took place under Paragraph 32(ii) (relevant provisions of the TRIPS Agreement); Paragraph 33 (technical assistance, capacity building, and environmental reviews); or Paragraph 51 (developmental and environmental aspects of the negotiations).

**Prospects for 2016**

The United States is committed to using the CTE as the premier global forum for discussing trade and environment issues and will explore fresh and innovative approaches to the most challenging issues, including those related to trade and climate change.

## 2. Committee on Trade and Development

**Status**

The Committee on Trade and Development (CTD) was established in 1965 to strengthen the GATT 1947's role in the economic development of less developed GATT Contracting Parties. In the WTO, the CTD is a subsidiary body of the General Council. Since the Doha Development Round was launched, Members have established three additional subgroups of the CTD: a Subcommittee on LDCs; a Dedicated Session on Small Economies; and a Dedicated Session on Regional Trade Agreements (RTAs).

The CTD addresses trade issues of interest to Members with particular emphasis on issues related to the operation of the "Enabling Clause" (the 1979 Decision on Differential and More Favorable Treatment, Reciprocity, and Fuller Participation of Developing Countries). In this context, the CTD focuses on the Generalized System of Preferences (GSP) programs, the Global System of Trade Preferences among developing country Members, and regional integration efforts among developing country Members. In addition, the CTD focuses on issues related to the fuller integration of all developing country Members into the international trading system, technical cooperation and training, trade in commodities, market access in products of interest to developing countries, and the special concerns of LDCs, small, and landlocked economies.

The CTD has been the primary forum for discussion of broad issues related to the nexus between trade and development. Since the initiation of the DDA, the CTD has intensified its work on issues related to trade and development. The CTD has focused on issues such as transparency in preferential trade agreements, expanding trade in products of interest to developing country Members, trade in commodities, the WTO's technical assistance and capacity building activities, and an overall assessment of the development aspects of the DDA and sustainable development goals. As directed in the 2005 Hong Kong Ministerial Declaration, the CTD also conducts annual reviews of steps taken by WTO Members to implement the decision on providing duty free, quota free (DFQF) market access to the LDC Members.

Work in the Subcommittee on LDCs and the Dedicated Sessions on Small Economies and RTAs has included review of market access challenges related to exports of LDC Members, LDC accessions to the WTO, trade-related needs of small, vulnerable economies, including island and landlocked states, and review of Member RTAs notified under the Enabling Clause.

**Major Issues in 2015**

The CTD in Regular Session held five formal sessions in March, May, June, September, and November 2015. Activities of the CTD and its subsidiary bodies in 2015 included:

- *Focused Work on Trade and Development:* At the Eighth Ministerial Conference of the WTO, "Ministers reaffirm[ed] that development is a core element of the WTO's work. They also reaffirm[ed] the positive link between trade and development and call[ed] for focused work in the Committee on Trade and Development" (WT/MIN(11)/11). At the Ninth Ministerial Conference, Ministers reaffirmed their commitment to the development objectives set out in the Doha Declaration. In 2015, Members continued their consideration of submissions containing proposals for work under the MC8 mandate through the consideration of specific proposals.

- *Technical Cooperation and Training:* The Committee took note of the 2014 Annual Report on Technical Assistance and Training (WT/COMTD/W/209). According to the report, a total of 273

activities were undertaken by the Secretariat in 2014. Overall, close to 14,700 participants were trained during the year, which was an increase of seven percent over 2013. This growth was attributable to online courses, which for the first time accounted for more than 50 percent of participants.

- *Notifications Regarding Market Access for Developing and LDCs:* In 2015, notifications under the Enabling Clause were made concerning the GSP schemes of the EU (WT/COMTD/N/4/Add.7) and Japan (WT/COMTD/N/2/Add.16). In addition, Thailand notified to the CTD its DFQF market access scheme for LDCs (WT/COMTD/N/46). The CTD also considered issues relating to the notification status of the Gulf Cooperation Council (GCC) Customs Union, ASEAN-Korea RTA, and the India-Korea RTA.

- *Duty Free, Quota Free Market Access for LDCs Members:* The Decision taken at the Hong Kong Ministerial Conference on DFQF market access for LDCs remains a standing item on the CTD's agenda. A number of Members shared information on the steps they are taking to provide DFQF market access to LDCs' products, including in respect of preferential rules of origin. The September 2015 CTD meeting was devoted to DFQF market access for LDCs. The meeting provided an opportunity for Members to have an in-depth exchange on the issues involved with the implementation of DFQF market access for LDC products. To aid in the review of DFQF, the Decision additionally instructs the Secretariat to prepare a report on Members' DFQF market access for LDCs at the tariff line level based on their notifications. Discussion under this agenda item continued at the November 2015 meeting, at which the LDCs called on Members to provide DFQF market access for all products originating from LDCs in a manner that ensures stability, security, and predictability.

- *Dedicated Session on Small Economies:* The Dedicated Session on Small Economies held two formal meetings, in June and October 2015. At the June 2015 meeting, the Secretariat presented its research paper on "Challenges and Opportunities experienced by Small Economies when linking into Global Value Chains in Trade in Goods and Services." Members exchanged initial views on the paper and its findings. At the October 2015 meeting, Members considered the research paper prepared by the Secretariat in greater detail and focused on challenges small economies encounter when linking into global value chains (GVCs) in the agri-food and seafood sectors.

- *Aid for Trade:* The CTD held three sessions on Aid for Trade in 2015, in February, May, and October. Much of the work of the CTD in the area of Aid for Trade was devoted to preparation and staging of the Fifth Global Review of Aid for Trade (5GR), which took place 30 June to 2 July 2015. Various reports were released, including the joint OECD-WTO publication "Aid for Trade at a Glance 2015: Reducing Trade Costs for Inclusive, Sustainable Growth." The 18 plenary sessions were structured around the theme "Reducing Trade Costs for Inclusive, Sustainable Growth," with trade facilitation an area of focus. Twenty-eight side events were also organized by WTO Members, IGOs, and non-governmental organizations. Some of the overall messages that emerged from the 5GR included the development benefits of the implementation of the TFA; the economic opportunity of e-commerce, and the negative impact of non-tariff measures on raising costs for trade in goods.

- *LDC Subcommittee:* The LDC Subcommittee also held three meetings in 2015, in April, September, and October. During those meetings, Members considered market access for LDCs and trends in LDC trade, trade-related technical assistance and accession of LDCs. As part of the commemoration of the WTO's 20th anniversary, the Secretariat organized an event in October

2015 entitled "Twenty Years of Supporting the Integration of Least Developed Countries into the Multilateral Trading System." Two panel sessions reviewed the progress made in integrating the LDCs into the multilateral trading system since the establishment of the WTO in 1995 and discussed how the WTO could help LDCs overcome the remaining challenges.

**Prospects for 2016**

The CTD is expected to continue to monitor developments as they relate to issues of concern to developing country Members, including technical assistance and market access. It is anticipated that efforts to identify "focused work" will continue, taking into consideration the relevant sections of the Bali and Nairobi Ministerial Declarations. Members will also `continue to work with the Secretariat in dedicated sessions to identify the challenges and opportunities experienced by small economies when linking into global value chains. In addition, the CTD's examination of RTAs between developing country Members will continue as new RTAs are notified to the WTO. Work will continue on implementing the transparency mechanism for preferential trade agreements. The implementation of the Monitoring Mechanism, agreed to at the Bali Ministerial (WT/MIN(13)/W/17), will also continue in dedicated sessions of the CTD.

## 3. Committee on Balance-of-Payments Restrictions

**Status**

The Uruguay Round Understanding on Balance-of-Payments (BOP) substantially strengthened GATT disciplines on balance-of-payments-related trade measures. Under the WTO Agreement, any Member imposing restrictions for balance-of-payments purposes must consult regularly with the Committee on Balance-of-Payments Restrictions to determine whether the use of such restrictions is necessary or desirable to address a Member's balance-of-payments difficulties. The Committee on Balance-of-Payments Restrictions works closely with the International Monetary Fund (IMF) in conducting consultations. Full consultations involve examining a Member's trade restrictions and BOP situation, while simplified consultations provide for more general reviews. Full consultations are held when restrictive measures are introduced or modified, or at the request of a Member in view of improvements in its BOP.

**Major Issues in 2015**

The Committee held consultations with Ukraine in April and June 2015, in accordance with the terms of reference of Article XII of the GATT 1994 and the Understanding on the Balance of Payments Provisions of the GATT 1994, following Ukraine's January 20, 2015, notification that it was introducing certain measures for balance-of-payment purposes. The measure at issue came into force on February 25, 2015. The majority of WTO Members recognized Ukraine's BOP difficulties and considered it had applied the measure in line with WTO provisions on BOP, although they encouraged Ukraine to remove the measure as soon as possible. In this regard, the Committee noted the commitment undertaken by Ukraine to terminate the measure by the end of 2015, as Ukraine had agreed with the IMF. Ukraine subsequently notified the Committee that, pursuant to legislative action taken in December 2015, it had removed the measure effective January 1, 2016.

The Committee also held consultations with Ecuador, in June and October 2015, in accordance with the terms of reference of Article XII of the GATT 1994 and the Understanding on the Balance of Payments Provisions of the GATT 1994, following Ecuador's April 2, 2015, notification of the introduction of a temporary tariff surcharge for BOP purposes for a period of up to 15 months. Ecuador's measure came into force on March 11, 2015. Following the October meeting, Ecuador presented a timetable for the

dismantlement of the measure, offering to reduce the tariff surcharge incrementally beginning in January 2016, with a complete phase out in June 2016.

**Prospects for 2016**

The Committee is scheduled to continue its consultations with Ecuador in February 2016 and will press Ukraine to ensure that its measure was terminated at the end of 2015 as agreed.

Should a Member resort to new BOP measure, as noted above, WTO rules require a thorough program of consultation with the Committee on Balance-of-Payments Restrictions. The United States expects the Committee to continue to ensure that BOP provisions are used as intended to address legitimate problems through the imposition of temporary, price-based measures.

## 4. Committee on Budget, Finance and Administration

**Status**

The Committee on Budget, Finance and Administration (the Budget Committee) is responsible for establishing and presenting the budget for the WTO Secretariat to the General Council for Members' approval. The Budget Committee meets throughout the year to address the financial requirements of the organization. The budget process in the WTO operates on a biennial basis. As is the practice in the WTO, decisions on budgetary issues are taken by consensus. The United States is an active participant in the Budget Committee.

In the WTO, the assessed contribution of each Member is based on the share of that Member's trade in goods, services, and intellectual property. The United States, as the Member with the largest share of world trade, makes the largest contribution to the WTO budget. For the 2015 budget, the U.S. assessed contribution was 11.312 percent of the total budget assessment, or Swiss Francs (CHF) 22,114,960 (about $21.6 million) (*details required by Section 124 of the Uruguay Round Agreements Act on the WTO's consolidated budget for 2013 are provided in Annex II*).

**Major Issues in 2015**

The Committee held ten meetings and presented five reports to the General Council in 2014. The Committee obtained and reviewed on a quarterly basis reports on the financial and budgetary situation of the Organization, the arrears of contributions from Members and Observers, the WTO Pension Plan, WTO risk management activities, and the financial situation due to negative interest impact. The Committee reviewed and took note of the annual report on diversity in the WTO Secretariat, the staff learning program, and the Human Resources annual report on grading structure and promotions. The Committee examined and proposed to the General Council for approval the 2016-2017 Biennium budget; this budget remained on a "zero nominal growth" basis for the 6$^{th}$ and 7$^{th}$ consecutive years. The Committee also discussed and approved a proposal to establish a Building Renovation Fund to anticipate long-term maintenance of the recently-restored WTO facility. A dedicated working group examined challenges surrounding long-term liabilities associated with the WTO's "after service health insurance" (ASHI) program and asked the Director General to develop a strategy proposal to ensure the long-term sustainability of these WTO employee and retiree benefits. The Committee also received regular updates on an Organizational Review process launched by the Director General in December 2013.

**Prospects for 2016**

The Budget Committee will continue to monitor the financial and budgetary situation of the WTO on an ongoing basis. The Committee is expected, among other 2016 priorities, to examine the establishment of an Audit Committee for the WTO.

## 5. Committee on Regional Trade Agreements

**Status**

The Committee on Regional Trade Agreements (CRTA), a subsidiary body of the General Council, was established in early 1996 as a central body to oversee all regional agreements to which Members are party.

The CRTA is charged with conducting reviews of individual agreements, seeking ways to facilitate and improve the review process, implementing the biennial reporting requirements established in the Uruguay Round Agreements, and considering the systemic implications of such agreements and regional initiatives for the multilateral trading system. Prior to 1996, these reviews were typically conducted by a "working party" formed to review a specific agreement.

GATT Article XXIV is the principal provision governing free trade areas (FTAs), customs unions (CUs), and interim agreements leading to an FTA or CU concerning goods. Additionally, the 1979 Decision on Differential and More Favorable Treatment, Reciprocity and Fuller Participation of Developing Countries, commonly known as the "Enabling Clause," provides a basis for certain agreements between or among developing country Members, also concerning trade in goods. The Uruguay Round added three more provisions: the Understanding on the Interpretation of Article XXIV, which clarifies and enhances the requirements of Article XXIV of GATT 1994; and Articles V and Vbis of the GATS, which govern services and labor markets integration agreements. FTAs and CUs are authorized departures from the principle of MFN treatment, if relevant requirements are met.

**Major Issues in 2015**

As of 21 December 2015, 452 regional trade agreements (RTAs) have been notified to the GATT or WTO, of which 265 are in force (137 covering goods only, 1 covering services only and 127 covering goods and services). RTAs include bilateral or plurilateral free trade agreements (FTAs), customs unions, and services agreements covered under GATS Article V and Vbis.

At the end of 2006, the General Council established, on a provisional basis, a new transparency mechanism for all RTAs. The main features of the mechanism, agreed upon in the Negotiating Group on Rules, include: the early announcement of any RTA; guidelines regarding the notification of RTAs; the preparation by the WTO Secretariat, on its own responsibility and in full consultation with the parties, of a factual presentation on each notified RTA to assist Members in their consideration of the notified RTA; timeframes associated with the consideration of RTAs; provisions regarding subsequent notification and reporting with respect to notified RTAs; technical support for developing countries; and a division of work between the CRTA, entrusted to implement the mechanism *vis-à-vis* RTAs falling under Article XXIV of GATT 1994 and Article V of the GATS, and the Committee on Trade and Development (CTD), entrusted to do the same for RTAs falling under the Enabling Clause.

Since the implementation of the transparency mechanism in 2007, 209 agreements, counting goods and services notifications separately, have been considered (10 factual presentations representing 19 notifications in 2015). Of these agreements, 204 have been reviewed in the CRTA and five in the CTD. In

2015, the United States' FTAs with Bahrain and Colombia were reviewed in the CRTA under the transparency mechanism.

Under the transparency mechanism, the WTO Secretariat was tasked to establish and maintain an updated electronic database on individual RTAs. The database was launched in January 2009 and includes extensive information, all of which is available to the public. The RTAs database may be accessed at: http://rtais.wto.org.

**Prospects for 2016**

Four sessions of the Committee on Regional Trade Agreements are foreseen in 2016.

## 6. Accessions to the World Trade Organization

**Status**

The WTO welcomed two new Members in 2015, and two additional Members had their terms of accession approved by the WTO. Seychelles and Kazakhstan both became WTO Members in 2015, on April 26 and November 30, respectively. They are the 161st and 162nd WTO Members. Liberia and Afghanistan completed their negotiations at the end of 2015, and WTO Members approved their terms of accession at MC10 in Nairobi, Kenya on December 15. Each of these countries is expected to accept its accession package through ratification in 2016, becoming the 163rd and 164th WTO Members.

At the end of 2015, the number of current applicants for WTO Membership (not including Liberia and Afghanistan) fell below twenty for the first time since 1993. Of the nineteen applicants[15] remaining, only three appear to be actively pursuing completion of their negotiations. Azerbaijan convened a Working Party (WP) in March, and Belarus re-activated its accession process in November. Ethiopia also has indicated that it is preparing to resume its accession process in 2016. While Lebanon and Iraq recorded no activity on their accessions, they also expressed interest to the WTO Secretariat in possibly moving forward next year.

Four WTO accession applicants (Equatorial Guinea, Libya, Sao Tome and Principe, and Syria) have not submitted the initial documents describing their respective foreign trade regimes. As a result, negotiations on their accessions have not commenced. These same four applicants failed to do so in 2014 as well. Working parties and bilateral negotiations with twelve other applicants – Algeria, Andorra, The Bahamas, Bhutan, Bosnia and Herzegovina, Comoros, Iran, Iraq, Lebanon, Serbia, Sudan, and Uzbekistan – remained dormant in 2015.

*Background*

Countries and separate customs territories seeking to join the WTO must negotiate the terms of their accession with current Members, as Article XII of the WTO Agreement provides. The accession process, with its emphasis on the implementation of WTO provisions and the establishment of stable and predictable market access for goods and services, provides a proven framework for the adoption of policies and practices that encourage trade and investment and promote growth and development.

[15] Accession Working Parties continue for Algeria, Andorra, Azerbaijan, Bahamas, Belarus, Bhutan*, Bosnia and Herzegovina, Comoros*, Equatorial Guinea*, Ethiopia*, Iran, Iraq, Lebanon, Libya, Sao Tome and Principe*, Serbia, Sudan*, Syria, and Uzbekistan (the 8 countries marked with an asterisk are LDCs).

In a typical accession negotiation, a government writes the WTO Director General seeking accession to the WTO. This application is circulated to WTO Members and placed on the agenda of the next meeting of the WTO General Council, which establishes a WP composed of all interested WTO Members to review the applicant's trade regime, conduct the negotiations, and to make a recommendation to the General Council on the application. To initiate negotiations for the terms of its WTO Membership, the applicant then provides an initial description of its trade practices, *i.e.*, a Memorandum on the Foreign Trade Regime, (MFTR) and responds to questions and comments submitted by Members on that document. The WTO Secretariat schedules a first meeting of the WP and subsequent meetings as justified by new developments and documentation. The number of WP meetings needed to complete the negotiations, as well as the overall length of the accession process, largely depends on the speed with which the applicant addresses the issues identified by Members in the Working Party and moves to conclude negotiations on trade liberalizing specific commitments on market access for industrial and agricultural goods, as well as for services, based on requests from WP Members. In addition, applicants are expected to make necessary legislative changes to implement WTO institutional and regulatory requirements and to eliminate existing WTO-inconsistent measures. Almost all "developed country" accession applicants, and many "developing country" accession applicants, take all of these actions on WTO rules prior to conclusion of the accession negotiations.[16]

At the conclusion of its work, the WP adopts the documents recording the agreed results of the negotiations (the "terms of accession" for the applicant developed with WP Members in bilateral and multilateral negotiations) and transmits them with its recommendation for approval to the General Council or to the Ministerial Conference. These terms, *i.e.*, the accession "package," consist of the "Report of the Working Party" and "Protocol of Accession," consolidated schedules of specific commitments on market access for goods and services, and agriculture schedules that include commitments on export subsidies and domestic supports. After General Council or Ministerial Conference approval, accession applicants submit the package to their domestic authorities for acceptance (ratification).[17] Thirty days after the WTO receives the applicant's instrument accepting the terms of accession, the applicant becomes a WTO Member.

The accession process requires attention and active engagement from both applicants and WTO Members. Undertaking accession negotiations is a serious decision for any country. Applicants already committed to economic reform, or that demonstrate a strong interest in using WTO provisions as the basis for their trade regimes, usually are the most successful in moving their accession towards completion (*e.g.*, by submitting usable documentation, market access offers, and legislation for WP review on a timely basis). Thus, the pace of the accession process generally depends on the applicant.

The accession process strengthens the international trading system by ensuring that new Members understand and implement WTO rules from the outset. The process also offers current Members the opportunity to secure market access opportunities from acceding countries, to work with accession applicants towards full implementation of WTO obligations, and to address outstanding trade issues covered by the WTO in a multilateral context.

*U.S. Leadership and Technical Assistance:* As a matter of longstanding policy, the United States takes a leadership role in all aspects of the accession negotiations, including in the bilateral, plurilateral, and

[16] As outlined below, negotiations with applicants designated as "least developed" by the United Nations are subject to special procedures and guidelines, and they do not, as a rule, fully implement WTO provisions prior to accession. Transitional periods may also be negotiated, if necessary, with developing or other applicants that request them and can justify their necessity.

[17] The WP decision to adopt the accession package is by "consensus," *i.e.*, without objection by any WP Member. While there are provisions in the WTO Agreement for the Ministerial Conference or General Council to approve accessions by an affirmative vote of two-thirds of all Members, in practice, the Ministerial Conference or General Council also approve the terms of accession by consensus.

multilateral aspects of the negotiations. The U.S. objectives are to ensure that the applicant fully implements WTO provisions when it becomes a Member, to encourage trade liberalization in developing and transforming economies, and to use the opportunities provided in these negotiations to expand market access for U.S. exports. The United States also has provided technical assistance to countries seeking accession to the WTO to help them meet the requirements and challenges presented, both by the negotiations and the process of implementing WTO provisions in their trade regimes. The U.S. Agency for International Development (USAID), the USDA, the Commercial Law Development Program (CLDP) of the U.S. Department of Commerce, and the U.S. Trade and Development Agency have provided this assistance on behalf of the United States.

The U.S. assistance can include providing short term technical expertise focused on specific issues (*e.g.*, customs procedures, intellectual property rights protection, or sanitary and phytosanitary matters and technical barriers to trade, and/or a WTO expert in residence in the acceding country or customs territory. A number of the WTO Members that have acceded or completed negotiations since 1995 received technical assistance in their accession process from the United States at one time or another, including Afghanistan, Albania, Armenia, Bulgaria, Cape Verde, Croatia, Estonia, Georgia, Jordan, Kazakhstan, Kyrgyz Republic, Latvia, Laos, Liberia, Lithuania, Macedonia, Moldova, Montenegro, Nepal, Russia, Tajikistan, Ukraine, Vietnam, and Yemen. The United States provided resident experts for most of these countries for some portion of the accession process.

In 2015, the United States provided technical assistance for the accession process or post-accession implementation for the following accession applicants and WTO Members: Afghanistan, Kazakhstan, Tajikistan, and Ukraine. Among other current accession applicants, Algeria, Azerbaijan, Belarus, Bosnia and Herzegovina, Ethiopia, Iraq, Georgia, Lebanon, Serbia, and Uzbekistan also received U.S. technical assistance earlier in their accession processes. All but Belarus had dedicated WTO advisors coordinating shorter term assistance at some point in the negotiations.

**Major Issues in 2015**

WTO Members approved the terms of accession for Seychelles on December 10, 2014, and Seychelles became a WTO Member on April 26, 2015. Kazakhstan's accession process concluded on July 27, 2015, and Kazakhstan became a WTO Member on November 30, 2015. Both attended MC 10 in Nairobi as Members. Liberia and Afghanistan also concluded their accession negotiations in 2015, in October and in November, respectively, and WTO Members approved their terms of accession in Nairobi. Seven formal or informal WP meetings occurred in 2015: for Afghanistan (1), Azerbaijan (1), Kazakhstan (2), and Liberia (3).

*Kazakhstan*

In 2015, WTO Members finished 19 years of consultation and negotiation on Kazakhstan's accession. Interested WTO Members worked through June to resolve outstanding issues on agricultural support, market access, and SPS requirements. Everything came together at the June 9-10 WP meeting: the draft WP report text was agreed and all brackets removed. Members in the committee adopted the final formal WP on June 22, and the WTO General Council approved Kazakhstan's WTO accession package on July 27. Kazakhstan's parliament ratified the package on October 31, 2015. Kazakhstan became the 162nd Member of the WTO on November 30, 2015.

*Azerbaijan*

Azerbaijan's 12th Working Party meeting convened in March 2015. WTO Members made progress toward agreeing on how Azerbaijan would implement certain WTO provisions, but were unable to reach a solution

on systemic issues identified in earlier meetings. Members also made little progress with respect to their bilateral negotiations on goods and services.

**LDC Accessions**

WTO Members are committed to facilitating the accession processes of LDCs and to making WTO accession more accessible to these applicants. The accession negotiations for all LDC accession applicants are guided by the simplified and streamlined procedures developed for these countries in response to the WTO General Council Decision on Accessions of Least Developed Countries (WT/L/508) adopted at the end of 2002, and in its addendum, adopted in July 2012 by the General Council.[18] The expanded guidelines established by these documents include provisions under the following pillars: (i) Benchmarks on Goods Concessions; (ii) Benchmarks on Services Commitments; (iii) Transparency in Accession Negotiations; (iv) Special and Differential (S&D) Treatment and Transition Periods; and, (v) Technical Assistance. Points (i) and (ii) establish that market access negotiations for the WTO accession of LDCs are to be guided by special principles and benchmarks more appropriate to the development level of LDC applicants. The transparency provisions confirm evolving practice in LDC accessions for the use of the good offices of the Chairperson of the Sub-Committee on LDCs, as well as the Chairpersons of the LDCs' Accession Working Parties to assist the conclusion of the accession process for LDCs. S&D treatment and technical assistance provisions of the guidelines also confirm the need for restraint and the broad use of transitional provisions when constructing market access commitments, as well as the need for action plans for transitional implementation of WTO provisions. Further, the guidelines confirm the need for enhanced technical assistance and capacity building in LDC accessions.

The United States and other developed country WTO Members support both the 2002 and the 2012 Decisions on LDC Accessions, adhering to the guidelines established by these documents in formulating more flexible negotiating positions on market access and WTO implementation commitments for LDCs. The purpose of the guidelines is to ensure that LDCs are prepared for the responsibilities of WTO Membership by promoting use of technical assistance and structuring transitional periods with action plans, and, in general, making extra efforts to facilitate LDC integration into the multilateral trading system. The guidelines will continue to establish the WTO accession process for LDCs as a tool for economic development, incorporating the applicant's own development program and schedule for receiving technical assistance into an action plan for progressive implementation of WTO rules.

*Developments in 2015:* With the completion of accession negotiations with Liberia and Afghanistan, in October and November 2015, respectively, the number of LDCs seeking WTO accession shrank to six[19]. None of these LDCs convened WP meetings in 2015 or issued new documents, but Ethiopia has informally indicated an interest in resuming its accession efforts, possibly in 2016. Bhutan's accession process remains dormant. Sao Tome and Principe and Equatorial Guinea have not yet provided documentation to begin negotiations.[20]

*Afghanistan*

Afghanistan concluded bilateral market access negotiations for goods and services in 2013, and verified its consolidated Schedules in February 2014. In November of this year, Afghanistan completed the process by addressing a handful of issues left in the draft WP report and by reporting on its legislative

[18] WT/L/508 and WT/L/508/Add.1.
[19] Bhutan, Comoros, Equatorial Guinea, Ethiopia, Sao Tome and Principe and Sudan.
[20] LDCs that have not yet applied for WTO accession include Eritrea, Timor-L'Este, Somalia, South Sudan, Kiribati, and Tuvalu.

implementation. WTO Members formally approved the accession package at MC 10 in December. We expect that Afghanistan will complete the ratification process and become a WTO member in 2016.

*Liberia*

Liberia's first WP meeting was held in July 2012. In July 2014, consultations between Liberia and the WTO Secretariat established a "road map" for completion of Liberia's accession negotiations in time for approval by MC 10 in Nairobi in December 2015. To achieve that goal, the United States worked intensively with Liberia in bilateral meetings in April and July, and in three WP sessions, in May, July, and October. Based on that work, and on Liberia's dedication to enacting necessary legislation even in the wake of the Ebola crisis that ravaged Liberia in 2014 and 2015, Members approved Liberia's WTO accession at MC 10 in December. We expect that Liberia will complete the ratification process and become a WTO member in 2016.

**Prospects for 2016**

With Seychelles and Kazakhstan joining the WTO, and Members approving the accession packages of both Afghanistan and Liberia in 2015, there are few countries poised to make significant progress on WTO accession in 2016. Of the remaining 19 applicants, 10 have not made progress for over five years.[21] While Serbia and Bosnia and Herzegovina's accession packages are fairly close to completion, domestic political conflicts may pose a barrier to moving forward. Among others, Azerbaijan, and Belarus have made efforts to resume work, but these negotiations are not at an advanced stage. Ethiopia, Lebanon and Iraq have also expressed interest in resuming work in 2016.

# K. Plurilateral Agreements

## 1. Committee on Trade in Civil Aircraft

**Status**

The Agreement on Trade in Civil Aircraft (Aircraft Agreement) entered into force on January 1, 1980, and is one of three WTO plurilateral agreements (along with the Agreement on Government Procurement and the Information Technology Agreement) that are in force only for those WTO Members that have accepted it.[22]

The Aircraft Agreement requires Signatories to eliminate tariffs on civil aircraft, engines, flight simulators, and related parts and components, and to provide these benefits on a nondiscriminatory basis to other signatories. In addition, the Signatories have agreed provisionally to provide duty-free treatment for ground maintenance simulators, although this item is not covered under the current agreement. The Aircraft Agreement also establishes various obligations aimed at fostering free market forces. For example, signatory governments pledge that they will base their purchasing decisions strictly on technical and commercial factors.

[21] Andorra, Bhutan, Equatorial Guinea, Iraq, Lebanon, Libya, Sao Tome and Principe, Sudan, Syria, and Uzbekistan.
[22] Additional information on this agreement can be found on the WTO's website at: http://www.wto.org/english/tratop_e/civair_e/civair_e.htm.

There are currently 32 Signatories to the Aircraft Agreement: Albania, Canada, the EU[23] (the following 20 EU Member States are also Signatories to the Aircraft Agreement in their own right: Austria, Belgium, Bulgaria, Denmark, Estonia, France, Germany, Greece, Ireland, Italy, Latvia, Lithuania, Luxembourg, Malta, the Netherlands, Portugal, Romania, Spain, Sweden and the United Kingdom), Egypt, Georgia, Japan, Macao China, Montenegro, Norway, Switzerland, Chinese Taipei, and the United States. WTO Members with observer status in the Committee are: Argentina, Australia, Bangladesh, Brazil, Cameroon, China, Colombia, Gabon, Ghana, India, Indonesia, Israel, South Korea, Mauritius, Nigeria, Oman, Russia, Saudi Arabia, Singapore, Sri Lanka, Trinidad and Tobago, Tunisia, Turkey, and Ukraine. The IMF and UNCTAD are also observers.

The Committee on Trade in Civil Aircraft (Aircraft Committee), permanently established under the Aircraft Agreement, provides the Signatories an opportunity to consult on the operation of the Aircraft Agreement, to propose amendments to the Agreement, and to resolve any disputes.

**Major Issues in 2015**

The Aircraft Committee held a special meeting on July 15, 2015, and a regular meeting on November 5, 2015. At the special meeting in July, the Committee continued to discuss its work on the revision of the Product Coverage Annex in order to bring it into conformity with the 2007 Harmonized Commodity and Description System. At the regular meeting in November, the Committee agreed by consensus to open for acceptance the Protocol (2015) Amending the Annex to the Agreement on Trade in Civil Aircraft.

**Prospects for 2016**

The Aircraft Committee agreed to hold its next regular meeting in November 2016. The United States will continue to encourage recently-acceded WTO Members to become Signatories pursuant to their respective protocols of accession, and will continue to encourage current Committee observers and other WTO Members to become Signatories to the Aircraft Agreement.

## 2. Committee on Government Procurement

**Status**

Membership

The WTO Agreement on Government Procurement (GPA) is a "plurilateral" agreement included in Annex 4 to the WTO Agreement. As such, it is not part of the WTO's single undertaking and its membership is limited to WTO Members that specifically signed the GPA in Marrakesh or that have subsequently acceded to it. WTO Members are not required to join the GPA, but the United States strongly encourages all WTO Members to participate in this important agreement.

Forty-five WTO Members are parties to the GPA: Armenia; Canada; the EU and its 28 Member States (Austria, Belgium, Bulgaria, Croatia, Czech Republic, Cyprus, Denmark, Estonia, Finland, France, Germany, Greece, Hungary, Ireland, Italy, Latvia, Lithuania, Luxembourg, Malta, the Netherlands, Poland, Portugal, Romania, Slovak Republic, Slovenia, Spain, Sweden, and the United Kingdom); Hong Kong China; Iceland; Israel; Japan; South Korea; Liechtenstein; Montenegro; the Netherlands with respect to

[23] Currently comprising 28 Member States: Belgium, Bulgaria, Croatia, Czech Republic, Denmark, Germany, Estonia, Ireland, Greece, Spain, France, Italy, Cyprus, Latvia, Lithuania, Luxembourg, Hungary, Malta, the Netherlands, Austria, Poland, Portugal, Romania, Slovenia, Slovakia, Finland, Sweden, and the United Kingdom.

Aruba; New Zealand; Norway; Singapore; Switzerland; Chinese Taipei; and the United States (collectively the GPA Parties).

As of the end of 2015, ten Members were in the process of acceding to the GPA: Albania; Australia; China; Georgia; Jordan; Kyrgyz Republic; Moldova; Oman; Tajikistan; and Ukraine. Four additional Members have provisions in their respective Protocols of Accession to the WTO regarding accession to the GPA: the Republic of Macedonia; Mongolia; Russia; and Saudi Arabia. In 2015, both Moldova and Ukraine successfully concluded accession negotiations and were formally invited to join the WTO GPA on September 16, 2015 and November 11, 2015, respectively.

*Australia*

Australia applied for accession to the GPA in June 2015 and submitted its initial market access offer on September 8, 2015. Australia has set out an ambitious goal of completing its accession in 2016.

*China*

When China joined the WTO in 2001, it committed to commence negotiations to join the GPA "as soon as possible." In April 2006, China agreed in the United States – China Joint Commission on Commerce and Trade (JCCT) to submit its initial offer of coverage by the end of 2007. Based on these commitments, China submitted its application for accession to the GPA and its Initial Appendix I Offer on December 28, 2007. The United States submitted its Initial Request for improvements in China's Initial Offer in May 2008. In accordance with a commitment that China made at the United States-China Strategic and Economic Dialogue in July 2009, China submitted a report to the GPA Committee on its plans for submission of a revised offer and the difficulties it has encountered in revising its offer.

At the JCCT meeting in October 2009, China committed to table a revised offer in 2010. China submitted its first Revised Offer in July 2010. The United States submitted its Second Request for improvements in China's revised offer in September 2010. China also submitted its responses to the Checklist of Issues for Provision of Information Relating to Accession in September 2008.

In April 2010, the United States submitted questions to China on its responses to the Checklist of Issues. China replied to U.S. questions in October 2010. At the JCCT meeting in December 2010, China committed to table a second revised offer in 2011. During President Hu's January 2011 visit to Washington, China expressly committed that its second revised offer would include sub-central entities. On November 30, 2011, China submitted its second Revised Offer, which included several sub-central entities. On July 3, 2012, the United States submitted its Third Request for improvements in China's offer. On November 29, 2012, China submitted its third Revised Offer. On December 30, 2013, China submitted its fourth Revised Offer, which included lower thresholds, increased coverage of sub-central entities, and improvements in other areas. During the 24th JCCT meeting in December 2013, China committed to circulate a further revised offer later in 2014, which would provide coverage commensurate, on the whole, with that of existing GPA Parties.

China reconfirmed this at the GPA Committee's meetings in June and October 2014. Parties requested that China submit its further revised offer as early as possible and certainly before the end of 2014, in order to enable the Committee to give appropriate consideration to it at the Committee's meeting scheduled for February 2015.

On December 22, 2014, China submitted its fifth Revised Offer. While this fulfilled China's 2013 JCCT commitment to submit an offer in 2014, it did not meet the U.S. request for improvements and was not

commensurate with the coverage provided by the United States and other GPA parties. In 2015, the United States and China held bilateral discussions on China's accession, but China submitted no new offer.

*Jordan*

Jordan submitted its initial offer of coverage in 2002. It has submitted several revised offers, in response to requests by the United States and other GPA Parties for improvements. Negotiations on Jordan's accession did not make any progress in 2015.

*Kyrgyz Republic*

The Kyrgyz Republic's accession to the GPA, which had been inactive since 2003, moved forward in 2009 when it submitted updated responses to the Checklist of Issues, but has not made progress since then.

*Moldova*

Moldova applied for accession to the GPA in 2002, and submitted its initial offer in 2008. In September 2012, Moldova submitted a revised market access offer and in January 2014 a second revised offer. In June 2014 Moldova circulated a third revised offer. In response to comments and questions from the GPA Committee, Moldova amended its Law on Public Procurement to align it with the GPA. Moldova submitted its final offer in January 2015. In September 2015, the GPA Committee adopted a formal decision inviting Moldova to join the GPA. Moldova has six months to deposit its instrument of acceptance (by March 21, 2016) and formally join the GPA.

*Montenegro*

In October 2013 Montenegro submitted its application for accession to the GPA. In November 2013 Montenegro circulated its initial offer. In June 2014 Montenegro submitted its second offer which contained meaningful improvements. It submitted its final offer in July 2014. On October 29, 2014 the GPA Committee adopted a formal decision inviting Montenegro to join the GPA. Montenegro has six months to deposit its instrument of acceptance but in April 2015 requested a two month extension for reasons related to its Parliamentary review process. On June 15, Montenegro deposited its instruments of acceptance with the Director-General of the WTO. The GPA entered into force for Montenegro on July 15, 2015.

*New Zealand*

In October 2012, New Zealand commenced negotiations on its accession to the GPA with the submission of its application for accession, initial market access offer, and its replies to the Checklist of Issues. In September 2013, New Zealand circulated its revised market access offer. In July 2014 New Zealand submitted its final offer. On October 29, 2014 the GPA Committee adopted a formal decision inviting Montenegro to join the GPA. At New Zealand's request, New Zealand had nine months to deposit its instrument of acceptance. This request was made to address a change of government in New Zealand. On July 13, 2015, New Zealand deposited its instrument of acceptance with the Director-General of the WTO. The GPA entered into force for New Zealand on August 12, 2015.

*Tajikistan*

Consistent with Tajikistan's commitment to initiate GPA accession negotiations, made in the course of its accession to the WTO in March 2013, Tajikistan applied for accession to the GPA and submitted its initial offer in February 2015.

*Ukraine*

Ukraine commenced its accession to the GPA in 2011 with the submission of its application for accession, and in August 2011, submitted its replies to the Checklist of Issues. In 2012, Ukraine updated the WTO GPA Committee on its progress in bringing its domestic legislation into compliance with the GPA's requirements and its preparations of an initial market access offer. Ukraine submitted its initial offer in December 2012 and a revised offer in March 2014. In October 2014 Ukraine submitted its second revised offer which included significant improvements but remained short of the coverage offered by current GPA parties. On June 29, 2015 Ukraine submitted its final offer which fully responded to parties requests for improvement. On November 11, 2015, the GPA Committee adopted a formal decision inviting Ukraine to join the GPA. Ukraine has six months to deposit its instrument of acceptance and formally join the GPA.

Observerships

Thirty WTO Members have observer status in the GPA Committee: Albania, Argentina, Australia, Bahrain, Cameroon, Chile, China, Colombia, Costa Rica, Georgia, India, Indonesia, Jordan, the Kyrgyz Republic, Malaysia, Moldova, Mongolia, Oman, Pakistan, Panama, Russia, Saudi Arabia, Seychelles, Sri Lanka, Tajikistan, Thailand, the former Yugoslav Republic of Macedonia, Turkey, Ukraine and Viet Nam. (The observerships of Costa Rica, Pakistan, Seychelles, and Thailand were approved in 2015). Four intergovernmental organizations, the International Monetary Fund (IMF), International Trade Centre (ITC), the Organization for Economic Co-operation and Development (OECD) and the United Nations Conference on Trade and Development (UNCTAD), also have observer status.

Revised GPA

On December 15, 2011, the GPA parties reached agreement on the conclusion of negotiations, which had been conducted over more than a decade, to revise the GPA. The outcome included a revision of the text of the GPA to streamline and clarify its obligations, to incorporate flexibilities that reflect modern procurement practices, and to facilitate its implementation. The revised GPA also significantly expanded the procurement covered under the GPA. As part of the GPA package, the GPA parties adopted a set of Future Work Programs to be undertaken by the GPA Committee following the entry into force of the revised GPA. These include programs related to: (i) the treatment of small and medium sized enterprises; (ii) sustainable procurement; (iii) the collection and dissemination of statistical data; (iv) exclusions and restrictions in GPA parties' Annexes; and (v) safety standards in international procurement. The GPA Committee has also approved a decision relating to the use of electronic means to fulfill notification requirements under Articles XIX and XXII of the revised GPA.

In March 2012, the GPA parties formally adopted the results of the revision of the GPA. The GPA parties also agreed to undertake the necessary domestic approval procedures so that the revised GPA could enter into force as soon as possible. On December 2, 2013, the United States deposited its instrument of acceptance. On December 3, 2013 GPA parties committed to bring the revised GPA into force by March 31, 2014.

The revised GPA entered into force on April 6, 2014 after ten parties, two-thirds of the parties[24] to the GPA at that time, deposited their instruments of acceptance. As of December 2015, fourteen parties had

[24] On April 6, 2014 the15 Parties to the GPA were: Armenia, Canada, the EU (and its 28 Member States -- Austria, Belgium, Bulgaria, Croatia, Czech Republic, Cyprus, Denmark, Estonia, Finland, France, Germany, Greece, Hungary, Ireland, Italy, Latvia, Lithuania, Luxembourg, Malta, the Netherlands, Poland, Portugal, Romania, Slovak Republic,

deposited their instruments of acceptance. Only Switzerland has yet to deposit its instruments of acceptance. U.S. obligations to Switzerland are defined under the 1994 GPA.

**Major Issues in 2015**

The GPA Committee accelerated its implementation of the four (of five) Work Programs that were adopted as part of the revised GPA covering: small and medium enterprises, sustainable procurement, the collection and reporting of statistical data, and exclusions and restrictions in parties' Annexes. The Work Programs were established to facilitate the implementation of the GPA and inform any furture negotiations. In 2015, the parties to the revised GPA submitted their reports under each of the four Work Programs to the GPA Committee.

The revised GPA calls upon the GPA parties to adopt arbitration procedures to facilitate resolution of disputes over modifications to coverage. The GPA parties completed several rounds negotiations and made signification progress on the text setting out these procedures in 2015.

In March, Tajikistan applied for accession to the GPA. In June, Australia applied for accession to the GPA.

In July, the GPA entered into force for Montenegro. In August, the GPA entered into force for New Zealand. In September, Moldova was formally invited to join the GPA. In November, Ukraine was formally invited to join the GPA.

During 2015, the GPA Committee held five formal and informal meetings (in February, April, June, September and November) focused on accessions, new members, arbitration procedures, and Work Programs. In addition, the GPA Committee held further discussions at the informal meetings on the accessions to the GPA of Australia, China, Moldova, Saudi Arabia, Tajikistan, and Ukraine.

**Prospects for 2016**

Moldova and Ukraine are expected to formally join the GPA. The GPA Committee will continue to work to advance GPA accessions, in particular, of Australia, China, and Tajikistan. The GPA Committee hopes to complete the work on arbitration procedures. The GPA Committee will continue its work on implementing the five Work Programs.

## 3. The Information Technology Agreement and the Expansion of Trade in Information Technology Products

**Status**

The ITA[25] is a plurilateral agreement to eliminate tariffs on certain information and communications technology (ICT) products. The ITA covers a wide range of ICT products, including computers and computer peripheral equipment, electronic components including semiconductors, computer software, telecommunications equipment, semiconductor manufacturing equipment, and computer-based analytical instruments. To date, 82 WTO Members are ITA participants with Kazakhstan joining the ITA in July

Slovenia, Spain, Sweden, and the United Kingdom), Hong Kong China, Iceland, Israel, Japan, the Republic of Korea, Liechtenstein, the Netherlands with respect to Aruba, Norway, Singapore, Switzerland, Taiwan (Chinese Taipei), and the United States.

[25] More formally known as the "WTO Ministerial Declaration on Trade in Information Technology Products" (WT/MIN(96)/16).

2015 and its ITA commitments taking effect upon accession in December 2015. Among these 82 ITA participants, however, Morocco has yet to submit the formal documentation to implement its ITA commitments, and El Salvador has indicated that implementation would begin after the completion of domestic legal procedural requirements.

Despite the tremendous growth in global trade in technology products, which has nearly tripled to over $4 trillion annually, the product scope of the ITA had never been updated. In 2012, a subset of ITA participants launched negotiations to expand significantly the product coverage of ITA. Those negotiations were concluded this year, as elaborated below.

**Major Issues in 2015**

The Expansion of Trade in Information Technology Products:

In July 2015, the United States and over 50 WTO Members announced the landmark agreement to expand the list of ICT products subject to duty elimination. This agreement, referred to as "ITA Expansion", commits parties to phase out hundreds of tariffs on additional ICT products all over the world.[26] ITA Expansion applies to a list of 201 products, including advanced semiconductors, high-tech medical devices, global positioning systems, software media, video game consoles, and high-tech ICT testing instrumentation. This is the first major tariff-elimination deal at the WTO in 18 years.

The WTO estimates that ITA Expansion will eliminate tariffs on roughly $1.3 trillion in annual global trade of ICT products, which global industry estimates will increase annual global gross domestic product by an estimated $190 billion. With implementation of ITA Expansion, over $180 billion in annual American technology exports will no longer face burdensome tariffs in key markets around the globe.

In 2015, the parties also took steps to implement ITA Expansion. In December 2015, the parties completed the process to review and approve the draft tariff schedules clarifying how each party will implement the commitments of ITA Expansion, including the tariff elimination phase-out periods for the 201 products. With only a few exceptions, each party will eliminate import tariffs for the 201 products as of July 1, 2016, or eliminate import tariffs over a three-year period ending July 2019.

ITA Committee:

The ITA established the Committee of Participants on the Expansion of Trade in Information Technology Products ("the ITA Committee") to carry out the provisions of the ITA, among which are to review the current product coverage with a view to incorporate additional products, and consider any divergence among ITA participants in classifying ITA products.

The ITA Committee held two formal meetings in May and October 2015.[27] In those meetings, the ITA Committee continued its deliberations on the Non-Tariff Measures (NTMs) Work Program. With regard to its work on the Electro-Magnetic Compatibility/Electro-Magnetic Interference (EMC/EMI) Pilot Project, the ITA Committee took note that 29 ITA participants (including the EU as one participant) have provided survey responses to the ITA Committee, and encouraged those that had not provided the information to do so without further delay. In considering ways to advance and expand its work on NTMs beyond EMC/EMI, the ITA Committee held an industry-driven workshop to discuss NTMs in ICT sectors on May 7, 2015.

[26] "Declaration on the Expansion of Trade in Information Technology Products" (WT/L/956).
[27] The minutes of these Committee meetings are contained in WTO documents G/IT/M/62 and G/ITA/M/63 (not yet released).

The main issues raised in the workshop were transparency, standards for recognition of test results, e-labeling, and energy efficiency.[28]

The ITA Committee also continued a discussion of classification divergences on certain ITA products. These discussions are aimed at eliminating differences in the way ITA participants classify ITA products in their national tariff schedules. In 2013, the ITA Committee adopted a decision to endorse the classification of 18 ITA Attachment B items in the Harmonized System (HS) 1996 nomenclature. For the 37 remaining items listed in Attachment B, or identified as "for Attachment B" in section 2 of Attachment A, the WTO Secretariat prepared and circulated a list of these remaining items and their possible classification in HS2007 nomenclature. ITA participants would be required to indicate those items for which their classification diverges from the list prepared by the Secretariat; if an ITA participant's classification differs, then it must identify the HS2007 sub-heading (i.e. HS 6-digit level) under which it classifies the Attachment B product in question. After receiving responses from all ITA participants, the WTO Secretariat will compile the answers and circulate to the ITA Committee. On that basis, ITA participants would then be able to assess the next steps to reduce any remaining divergences in the classification of such ITA products.

**Prospects for 2016**

With respect to implementation of ITA Expansion, the parties will submit their approved schedules as a modification to its WTO tariff schedule of concessions in accordance with the Decision on 26 March 1980 on Procedures for Modification and Rectification of Schedules of Tariff Concessions (BISD 27S/25).

The ITA Committee will continue its on-going work to reduce divergences in the classification of products covered by the ITA as well as continue to examine the recommendations that were suggested by industry representatives at the May 2015 NTM workshop. The next meeting of the ITA Committee will be held in the first quarter of 2016.

[28] A factual report on the workshop is contained in WTO document G/IT/28.

# III. BILATERAL AND REGIONAL NEGOTIATIONS AND AGREEMENTS

## A. Free Trade Agreements

### 1. Australia

The United States-Australia Free Trade Agreement (FTA) has supported significant increases in bilateral trade and investment with Australia, creating high paying jobs and new economic opportunities in both countries. Since the FTA entered into force, two-way goods trade has increased 67 percent, from $21.5 billion in 2004 to $36 billion in 2015. Two-way services trade more than doubled in the same period, from $10.4 billion in 2004 to $26.1 billion in 2014 (latest data available). The United States had a $14.2 billion goods trade surplus in 2015 and a $12.6 billion services trade surplus in 2014 (latest data available) with Australia. In 2015, the U.S. Government continued cooperative work with Australia on a number of plant and animal health issues in order to facilitate expanded trade in agricultural products. The United States and Australia also worked together throughout 2015 to monitor FTA implementation. In addition, the United States and Australia have been close partners in the Trans-Pacific Partnership (TPP) negotiation (*see the section on the Trans-Pacific Partnership, Chapter III.B.5*) as well as through WTO, APEC, and other regional initiatives.

### 2. Bahrain

The United States-Bahrain Free Trade Agreement (FTA), which entered into force on August 1, 2006, continues to generate export opportunities for the United States. Since the FTA entered into force, two-way trade has doubled from $1.1 billion to $2.2 billion. The FTA provided for 100 percent of the two way trade in industrial and consumer products to flow without tariffs from the date of its entry into force. In addition, Bahrain opened its services market, creating important new opportunities for U.S. financial service providers and U.S. companies that offer telecommunication, audiovisual, express delivery, distribution, healthcare, architecture, and engineering services. The United States-Bahrain Bilateral Investment Treaty (BIT), which took effect in May 2001, covers investment issues between the two countries.

To manage implementation of the FTA, the agreement establishes a central oversight body, the United States-Bahrain Joint Committee (JC), chaired jointly by USTR and Bahrain's Ministry of Industry and Commerce.

During 2015, U.S. government officials continued to engage with officials from Bahrain's Ministries of Labor, Industry and Commerce, and Foreign Affairs, as well as labor unions and business representatives, to address labor rights concerns highlighted during consultations that began in 2013 under the United States-Bahrain FTA. Areas of ongoing discussion include: compliance with labor laws related to anti-union practices; collective bargaining issues (particularly in the context of recent reforms that allow for multiple unions in the workplace); and improving Bahrain's capacity to respond to cases of employment discrimination. The government of Bahrain signed an agreement during 2014 with the General Federation of Bahrain Trade Unions and the Bahrain Chamber of Commerce and Industry to address many of these concerns, including employment discrimination. That agreement led to the closing of a complaint filed with the International Labor Organization by Bahrain's unions. However, local stakeholders report that challenges remain in fulfilling the terms of the agreement.

# 3. Central America and the Dominican Republic

## Overview

On August 5, 2004, the United States signed the Dominican Republic-Central America-United States Free Trade Agreement (CAFTA-DR or Agreement) with five Central American countries (Costa Rica, El Salvador, Guatemala, Honduras, and Nicaragua) and the Dominican Republic. CAFTA-DR creates economic opportunities by eliminating tariffs, opening markets, reducing barriers to services, and promoting transparency. The Agreement is facilitating trade and investment among the seven countries and furthering regional integration.

Central America and the Dominican Republic represent the third largest U.S. goods export market in Latin America, behind Mexico and Brazil. U.S. goods exports to the CAFTA-DR countries were valued at $28.9 billion in 2015. Combined total two-way trade in 2015 between the United States and Central American CAFTA-DR Parties and the Dominican Republic was $52.6 billion.

The Agreement has been in force since January 1, 2009, for all seven countries that signed the CAFTA-DR. It entered into force for the United States, El Salvador, Guatemala, Honduras, and Nicaragua during 2006, for the Dominican Republic on March 1, 2007, and for Costa Rica on January 1, 2009.

## Elements of the CAFTA-DR

*Operation of the Agreement*

The central oversight body for the CAFTA-DR is the Free Trade Commission (FTC), composed of the U.S. Trade Representative and the trade ministers of the other CAFTA-DR Parties or their designees. The CAFTA-DR Coordinators, who are technical level staff of the Parties, met in December 2014 in Washington, D.C. and in March 2015 in the Dominican Republic to define the agenda and undertake the preparatory work for the third meeting of the FTC to be held in the Dominican Republic on March 26, 2015. During the FTC meeting, the CAFTA-DR Parties reviewed the implementation of the Agreement and accomplishments of the CAFTA-DR committees and institutions. The FTC also endorsed various means to enhance regional trade and competitiveness and further strengthen the operation of the Agreement.

In this tenth year of the CAFTA-DR, U.S. export and investment opportunities with Central America and the Dominican Republic continue to grow. On January 1, 2015, all the CAFTA-DR partners committed to strengthening trade facilitation, regional supply chains, and implementation of the Agreement. All U.S. consumer and industrial goods may enter duty free in all the other CAFTA-DR countries' markets. Nearly all U.S. textile and apparel goods meeting the Agreement's rules of origin have been entering the other CAFTA-DR countries' markets duty free and quota free, promoting regional integration and opportunities for U.S. and regional fiber, yarn, fabric, and apparel manufacturing companies. Also under the CAFTA-DR, more than half of U.S. agricultural exports now enter the other CAFTA-DR countries' markets duty free. The majority of remaining tariffs on nearly all U.S. agricultural products will be eliminated by 2020, with a few of the most sensitive products having slightly longer phase-out periods. For certain products, tariff-rate quotas permit some duty-free access for specified quantities during the tariff phase-out period, with the duty-free amount expanding during that period.

*Labor*

Guatemala

On September 19, 2014, the United States moved ahead with the dispute settlement proceedings for the labor enforcement case brought by the United States against Guatemala under the CAFTA-DR that had previously been suspended while the disputing Parties worked together on a labor Enforcement Plan. Upon resumption of the dispute, Guatemala and the United States exchanged written submissions pursuant to the Rules of Procedure for dispute settlement under the CAFTA-DR. Eight nongovernmental entities also provided written submissions to the arbitral panel regarding the dispute. On June 2, 2015, a hearing was held in Guatemala City during which the arbitral panel received the oral submissions of both disputing Parties. The proceedings were suspended on November 4, 2015, when a panelist resigned from the panel, and resumed on November 27, 2015, with a new panelist. The panel's final report is expected in 2016. For additional information, visit https://ustr.gov/issue-areas/labor/bilateral-and-regional-trade-agreements/guatemala-submission-under-cafta-dr.

Dominican Republic

In December 2011, a public communication was filed with the U.S. Department of Labor (DOL) alleging that the government of the Dominican Republic failed to ensure the effective enforcement of labor laws in the Dominican sugar sector. The DOL accepted the communication for review and issued a public report in September 2013 which highlighted concerns about potential and apparent violations of Dominican Republic labor laws in the sugar sector with respect to: (1) acceptable conditions of work with respect to minimum wages, hours of work, and occupational safety and health; (2) a minimum age for the employment of children and the prohibition and elimination of the worst forms of child labor; and (3) a prohibition on the use of any form of forced or compulsory labor. The DOL also noted concerns in the sugar sector with respect to Dominican labor law on freedom of association, the right to organize, and collective bargaining. In addition, the report raised significant concerns about procedural and methodological shortcomings in the inspection process that undermine the government's capacity to effectively identify labor violations. The United States engaged with the government of the Dominican Republic as well as with the sugar industry and civil society on the concerns identified in this report, including through multiple visits to the Dominican Republic. During 2015, the DOL, in consultation with USTR and U.S. Department of State, issued an 18-month update and a 24-month update to its 2013 report noting positive steps taken by the government of the Dominican Republic to address the concerns raised in the report.

Honduras

In March 2012, the AFL-CIO and 26 Honduran worker and civil society groups filed a public communication with the DOL alleging that the government of Honduras had failed to effectively enforce its labor laws under the CAFTA-DR labor chapter. Since then, the U.S. Government has engaged with Honduran officials as well as labor unions and employer groups regarding the communication, and on February 27, 2015, the DOL issued a public report with detailed recommendations to improve respect for labor rights in Honduras and address the concerns identified in the submission. U.S. Government officials from the DOL, USTR, and the U.S. Department of State were joined by Honduran officials for the release of the report which took place in Tegucigalpa, Honduras during a joint press conference. Both governments pledged to work together to address the issues raised in the DOL report and issued a joint statement to announce their intention to develop a plan with concrete commitments and timelines to bolster labor enforcement. (For additional information on the DOL report and the joint statement, visit https://ustr.gov/about-us/policy-offices/press-office/press-releases/2015/february/statement-us-trade-representative, and http://www.dol.gov/opa/media/press/ilab/ILAB20150066.htm.) On December 8, 2015,

the DOL and Honduras announced they had concluded a Monitoring and Action Plan that includes comprehensive commitments by Honduras to address legal and regulatory frameworks for labor rights, undertake institutional improvements, intensify targeted enforcement, and improve transparency. Upon implementation, the plan will address shortcomings noted in DOL's review concerning labor inspections, access of inspectors to enterprises, illegal dismissals of workers, and other issues. For more information, visit https://ustr.gov/about-us/policy-offices/press-office/blog/2015/december/honduras-monitoring-and-action-plan-shows and http://www.dol.gov/opa/media/press/ilab/ILAB20152378.htm.

The U.S. Government is also funding a number of technical cooperation projects in Honduras to support labor rights, including programs supported by USAID and by the U.S. Department of State to promote freedom of association, union formation, and labor-management relations, and a $7 million DOL project to reduce child labor and improve labor rights.

Capacity Building

Ongoing labor capacity building activities are supporting efforts to promote workers' rights and improve the effective enforcement of labor laws in the CAFTA-DR countries. This includes ongoing support from USAID for efforts to protect the rights of workers in the informal economy and to lift barriers to formalization; for building the capacity of workers and their organizations to constructively advocate for workers' rights with public authorities and employers; and for ensuring that workers and employers develop skills and expertise to resolve disputes. In 2015, USAID continued to support these activities as part of its Global Labor Program, and the U.S. Department of State continued its funding of a program to strengthen the capacity of unions to organize and represent workers, and a program to combat labor violence in Honduras and Guatemala.

*Environment*

For a discussion of environment related activities in 2015, see chapter IV.A.2.

**Trade Capacity Building**

In addition to the labor and environment programs discussed above, trade capacity building programs and planning in other areas continued throughout 2015 with the Office of the U.S. Trade Representative and other agencies. The U.S. Agency for International Development (USAID) and other donors, including agencies such as the U.S. Departments of Agriculture (USDA), State, and Commerce, carried out bilateral and regional projects with the CAFTA-DR partner countries.

In 2015, USAID continued implementing the Regional Trade and Market Alliances Project to build trade and institutional capacity in CAFTA-DR countries and improve trade facilitation. Through this project, USAID supports Central American governments and businesses in areas related to coordinated border management, including customs administration and other border control agencies, promoting improved information technology and efficient procedures, harmonizing regulations, and other steps to reduce the time and cost to trade across borders. USAID also fosters enhanced public-private dialogue around trade facilitation, paving the way for the implementation of the WTO Trade Facilitation Agreement. During 2015, USAID, in partnership with the World Bank and International Finance Corporation, progressed on the design of an information technology platform for mutual recognition of sanitary registries with Ministries of Health. During 2015, USAID, the American National Standards Institute, and the Association of Clothing and Textiles (VESTEX) facilitated a workshop with textile and apparel industry experts on standards, including key elements of manufacturing processes, product safety, and U.S. Customs requirements, mainly targeted for private sector industry participants of CAFTA-DR countries.

USAID has also partnered with USDA to continue supporting CAFTA-DR countries so that their private sectors can take advantage of the trade agreement. For example, USAID and USDA provide technical assistance and capacity building on various agricultural technical issues, such as market information systems, as well as sanitary and phytosanitary measures (SPS) as they relate to intraregional trade and exports to the U.S. market. In 2015, USAID, in collaboration with USDA and the U.S. Food and Drug Administration (FDA), provided funds through the Food and Agricultural Sustainability Training (FAST) Program. Assistance aims to inform countries and private sector exporters of ways to meet new U.S. import requirements, and to strengthen their own food safety systems and processes in order to improve the safety of their domestic food supplies. The FAST Program targets some CAFTA-DR countries as well as countries in the Caribbean and South America. During 2015, USAID and USDA coordinated closely with FDA to build awareness of the U.S. Food Safety Modernization Act, possible impacts thereof, and practical ways to operate domestic food safety processes. Through a similar interagency agreement signed in 2010, USAID and USDA support for trade capacity building and food security have contributed to CAFTA-DR obligations. For example, in September 2015, Honduras gained approval from USDA's Animal and Plant Health Inspection Service and the FDA to export eggs for the first time to the United States. Also as a result of assistance programs, in November 2015, Guatemala published its quarantine pest list. In September 2015, USDA partnered with the University of Arizona to implement a five year biological control program to address aflatoxin in Central America. The University of Arizona is currently selecting pilot countries and local partners.

**Other Implementation Matters**

In 2015, CAFTA-DR partners adopted various FTC decisions to strengthen implementation of the Agreement and grow trade.

The FTC committed to addressing inefficiencies and obstacles to cross-border trade in the region to improve regional global competitiveness and increase the transparency and predictability of trade and doing business. The CAFTA-DR countries are poised to reap great benefits from reforming customs practices and reducing the costs and time associated with goods crossing borders because of the highly integrated manufacturing and supply chain linkages throughout the region.

The FTC further emphasized the need for greater regional integration to enhance competitiveness and agreed to support supply chain systems in the region through several project initiatives. Some of these initiatives include a series of measures for the U.S. textile and apparel industry such as the regional textiles sourcing database, technical assistance on use of the CAFTA-DR Short Supply provision, and standards and customs procedures for textiles and apparel trade.

Enhanced regional integration continues to be a top priority and plays a key role in facilitating secure economic growth and stability in the region. The FTC endorsed cooperation to enhance security and facilitate trade by exchanging best practices in intellectual property, customs border enforcement, and to create jobs by exchanging information on the protection and enforcement of trademarks.

The FTC agreed on changes to the product-specific rules of origin to reflect the changes to the International Convention on the Harmonized Commodity Description and Coding System in 2012. These changes will facilitate the proper implementation of the Agreement. Discussions also addressed modifications to reflect the amendments to certain rules of origin for textile and apparel goods in the updated product-specific rules of origin, which had been agreed to by the CAFTA-DR FTC in February 2011 and designed to enhance the competitiveness of the region's textiles sector through regional sourcing and integration. During 2015, technical-level staff also reached an agreement on changes to certain product-specific rules of origin under Article 4.14 in order to create additional opportunities for trade under the Agreement. In November 2015, USTR asked the U.S. International Trade Commission (USITC) to conduct a study of the probable

economic effects of these changes. The USITC report is expected in May 2016. The FTC also agreed to eliminate Costa Rica's tariffs on certain crude vegetable oils, promoting increased trade and competitiveness.

Recognizing the importance of an effective dispute settlement mechanism to the integrity of the Agreement, USTR and the U.S. Department of Commerce's Trade Agreement Secretariat (FTA Secretariat) provided ongoing technical support to assist Guatemala and other CAFTA-DR countries in the operations of their offices charged with carrying out administrative functions in CAFTA-DR dispute settlement proceedings. USTR and the FTA Secretariat also held a technical exchange with the CAFTA-DR partners to identify issues for coordination and best practices in the administration of dispute settlement proceedings. As part of that exchange, USTR, together with the U.S. Department of State's Office of the Assistant Legal Adviser for International Claims and Investment Disputes (L/CID), engaged with the CAFTA-DR country Coordinators on issues relating to investor-State disputes and planning for follow-on discussions in 2016.

The United States also continued to work closely with its CAFTA-DR partners on bilateral matters related to the Agreement, with a particular focus on ensuring that its partners properly implement the Agreement. For example, the U.S. Government continued to work with several CAFTA-DR partners on implementation of agricultural trade matters such as the administration of tariff-rate quotas and SPS issues. The U.S. Government also worked with several CAFTA-DR countries to promote effective protection of intellectual property rights, including a focus on enforcement and the balance between trademark and geographical indication protection, as reflected in the CAFTA-DR.

## 4. Chile

### Overview

The United States-Chile Free Trade Agreement (FTA) entered into force on January 1, 2004, and with the 12th annual tariff reductions having taken effect on January 1, 2015, 100 percent of goods exports can now enter the United States and Chile duty free under the agreement.

The FTA eliminates tariffs and opens markets, reduces barriers for trade in services, provides protection for intellectual property, promotes regulatory transparency, guarantees nondiscrimination in the trade of digital products, commits the Parties to maintain competition laws that prohibit anticompetitive business conduct, and requires effective enforcement of the Parties' respective labor and environmental laws. In 2015, U.S. goods exports to Chile decreased by 5.6 percent to $15.6 billion, while U.S. goods imports from Chile decreased by 6.3 percent to $8.9 billion. Chile is currently our 28th largest goods trading partner with $24.5 billion in total (two-way) goods trade during 2015. The U.S. goods trade surplus with Chile was $6.7 billion in 2015.

Trade in services with Chile (exports and imports) totaled $5.0 billion in 2014 (latest data available). U.S. services exports were $3.8 billion and services imports from Chile were $1.2 billion for the same period. The U.S. services trade surplus with Chile was $2.6 billion in 2014.

U.S. foreign direct investment (FDI) in Chile was $28 billion in 2014 (latest data available), a 33 percent decrease from 2013, mostly in the mining, finance/insurance, and manufacturing sectors.

### Elements of the United States-Chile FTA

*Operation of the Agreement*

The central oversight body for the FTA is the United States-Chile Free Trade Commission (FTC), comprised of the U.S. Trade Representative and Chile's Director General of International Economic Affairs or their respective designees. In June 2015, the FTC held its 10th meeting. Concurrently, the Committee on Technical Barriers to Trade and the Committee on Sanitary and Phytosanitary Matters also met. The FTC reviewed implementation of the FTA, including a discussion of improving how small and medium-sized businesses (SME) take advantage of the Agreement. The FTC also highlighted a key accomplishment: market access for U.S. exports of fresh pork meat and the reaffirmed goal of resolving other SPS concerns. At the meeting, both the United States and Chile acknowledged the importance of and the progress made in the Cooperation Project on the development of a System Alert on TBT Notification which will enhance transparency and support SME's participation in FTAs. The two countries also discussed Chile's nutrition labeling regulations.

*Labor*

In July 2015, the U.S. Department of Labor (DOL) met with a delegation of government officials from Chile's Trafficking in Persons Task Force in Washington, D.C. to discuss techniques for labor inspectors to detect smuggling and trafficking of migrants, and related areas for future cooperation. The Chilean delegation also met with officials from the U.S. Departments of State, Homeland Security, Justice, Health and Human Services, and other U.S. government agencies. The delegation was led by Chile's Attorney General and included the Deputy Chief of Inspections at the Ministry of Labor and high-level officials from Chile's Ministry of Interior, Ministry of Health, the Chilean Embassy in Washington, D.C., and the Ministry of Foreign Affairs. Also in 2015, DOL officials held a video conference with 25 Chilean labor investigators to share best practices regarding the U.S. Occupational Safety and Health Administration's Voluntary Protection Program, which promotes voluntary health and safety management systems in the work place. The DOL officials are also working with Chile to develop cooperative activities to prevent and combat employment discrimination and to support modernization of Chile's National Call Center for employment issues.

*Environment*

For a discussion of environment related activities in 2015, see Chapter IV.A.2.

## 5. Colombia

### Overview

The United States-Colombia Trade Promotion Agreement (CTPA) entered into force on May 15, 2012. The United States' two-way goods trade with Colombia totaled $30.1 billion in 2015, with U.S. goods exports to Colombia totaling $16.5 billion. Under the CTPA, duties on over 80 percent of U.S. exports of consumer and industrial products to Colombia were eliminated immediately upon entry into force, with remaining tariffs phased out over 10 years. More than half of U.S. agricultural exports to Colombia became duty free immediately upon entry into force, with virtually all remaining tariffs to be eliminated within 15 years. Tariffs on a few most sensitive agricultural products will be phased out in 17 to 19 years. In addition, with limited exceptions, U.S. services suppliers gained access to Colombia's estimated $160 billion annual services market in 2015. Colombia also agreed to important new disciplines in investment, government procurement, intellectual property rights, labor, and environmental protection.

**Elements of the United States-Colombia TPA**

*Operation of the Agreement*

The CTPA's central oversight body is the United States-Colombia Free Trade Commission (FTC), composed of the U.S. Trade Representative and the Colombian Minister of Trade, Industry, and Tourism or their designees. The FTC is responsible for overseeing implementation and operation of the CTPA. The FTC met on November 19, 2012. At that meeting, the two sides discussed the functioning of the agreement and ways to improve its operation. In 2015, the United States and Colombia continued to work together to carry out initiatives launched at the November 2012 FTC meeting, such as consideration of accelerating the elimination of tariffs for certain goods under the Agreement, establishment of certain dispute settlement mechanisms, and updates to the Agreement's rules of origin. USTR expects to hold the second FTC meeting to review implementation of the CTPA in 2016.

*Labor*

The CTPA Labor Chapter includes commitments requiring both countries to adopt, maintain, and implement laws, regulations, and other measures to protect the fundamental labor rights described in the 1998 Declaration of Fundamental Principles and Rights at Work of the International Labor Organization, and not to fail to effectively enforce their labor laws or to reduce labor protections to encourage trade or investment. The obligations of the Labor Chapter are subject to the same dispute settlement provisions as the other obligations in the CTPA and are subject to the same remedies. The Labor Chapter commitments are intended to enable workers and businesses to compete on a level playing field. The entry into force of the CTPA was accompanied by progress by Colombia under the Action Plan Related to Labor Rights (Action Plan), which was launched in 2011 and includes specific commitments by the government to address key areas of concern.

During 2015, the Administration continued intensive engagement with the Colombian government to support its efforts to improve the protection of workers' rights, prevent violence against trade unionists, and ensure the prosecution of the perpetrators of such violence. The U.S. Department of Labor (DOL) posted a labor attaché at the U.S. Embassy in Bogotá in the second quarter of 2015. Colombia is the second country in which DOL has posted a labor attaché, highlighting the importance of ensuring close engagement with Columbia on labor rights.

The Colombian government took some steps to implement the Action Plan in 2015, including in the port and palm sectors. For the first time in 24 years, the Buenaventura Port Society and one of its operators signed a collective bargaining agreement with workers that included a promise to formalize nearly 900 workers. In the palm sector, a lengthy strike ended in a successful collective bargaining agreement as well as a formalization agreement - an agreement between companies and the Ministry of Labor to hire workers previously in unlawful subcontracting relationships. In addition, the Colombian government, collected a fine against a palm company in the amount of $656,000 (COP 2,164,000,000) for illegal subcontracting, the first such significant fine collected under the regulations. The United States will continue to work closely with Colombia to encourage the collection of the similar remaining pending fines as well as on other labor law enforcement issues related to the Action Plan, such as addressing new forms of abusive contracting that undermine labor rights.

To address the issue of violence, Colombia's Prosecutor General's Office has 22 prosecutors who focus on violence against unionists and approximately 80 judicial police investigators from Colombia's National

Police to support the work of the prosecutors. The Administration is committed to working with Colombia to increase the number of successful prosecutions in cases of violence and threats against unionists.

Ongoing engagement with Colombian officials in 2015 included an April videoconference with Colombia's Vice Minister of Labor; a December bilateral meeting between DOL's Deputy Undersecretary for International Affairs and the Labor Minister, and frequent meetings between the Labor Attaché and the Vice Minister. In addition, DOL and the U.S. Agency for International Development fund a total of four labor-related technical assistance projects in Colombia that aim to (1) improve the government's capacity to enforce workers' rights; (2) improve workers' access to information on their rights and their ability to protect and assert them; and (3) reduce child labor in the informal and artisanal mining sector, including the promotion of safe work and mitigation of the risk of injuries for adult workers.

The U.S. Department of State, DOL, and USTR will continue to work in close collaboration with stakeholders in both countries and with the Colombian government to achieve the underlying goals of the Action Plan and to support the efforts of workers to exercise their fundamental rights.

*Environment*

For a discussion of environment related activities in 2015, see Chapter IV.A.2.

## 6. Israel

The United States-Israel Free Trade Agreement (FTA) is the United States' first FTA. It entered into force in 1985 and continues to serve as the foundation for expanding trade and investment between the United States and Israel by reducing barriers and promoting regulatory transparency. In 2015, U.S. goods exports to Israel increased 10 percent to $15.1 billion.

The United States-Israel Joint Committee (JC) is the central oversight body for the FTA. At its last meeting in 2012, the JC explored ways to engage in collaborative efforts to increase bilateral trade and investment. During the meeting, the United States and Israel noted progress made in addressing a number of specific standards and customs-related impediments to bilateral trade and opened two dialogues to address these issues. In October 2013, Israel enacted revisions to its standards regime aiming to expand significantly the recognition of international standards including those of U.S.-domiciled standards developing organizations. The new standards law is intended to facilitate the enhanced importation into Israel of a broad range of U.S. products. The United States and Israel are also working to make it easier for exporters to gain approvals when claiming duty-free status under the FTA for individual products.

Discussions continued among the Parties on negotiating a new permanent agreement on trade in agricultural products and resolving several outstanding sanitary and phytosanitary (SPS) issues. In 1996, the United States and Israel concluded an Agreement Concerning Certain Aspects of Trade in Agricultural Products (ATAP), which provided for duty free or other preferential tariff treatment of a number of agricultural products. The 1996 agreement was extended through 2003 and a new agreement was concluded in 2004. While this agreement originally was scheduled to expire at the end of 2008, it has been extended annually since then to allow negotiations on a new ATAP agreement to continue.

In June 2014, the United States proposed revised modalities for a new ATAP agreement, seeking to capitalize on progress to date and to streamline the negotiations while liberalizing trade to the maximum degree possible. Each side is reviewing the proposals put forward by the other in preparation for the next round of negotiations, tentatively planned for 2016. In December 2015, the two sides agreed to extend the ATAP agreement through December 31, 2016, while the aforementioned negotiations continue.

## 7. Jordan

In 2015, the United States and Jordan continued to benefit from their economic partnership. A key element of this relationship is the United States-Jordan Free Trade Agreement (FTA), which entered into force on December 17, 2001, and was implemented fully on January 1, 2010. In addition, the Qualifying Industrial Zones (QIZs) program, established by the U.S. Congress in 1996, allows products to enter the United States duty free if manufactured in Jordan, Egypt, or the West Bank and Gaza, with a specified amount of Israeli content. The program has succeeded in stimulating business cooperation between Jordan and Israel.

Together these measures have played a significant role in boosting overall U.S.-Jordanian economic ties. U.S. goods exports to Jordan were an estimated $1.4 billion in 2015, down 33 percent from 2014. The QIZ products account for about 5 percent of Jordanian exports to the United States. The QIZ share of these exports is declining relative to the share of exports shipped to the United States under provisions of the FTA. This shift toward exporting products manufactured outside of the QIZs demonstrates the important role the FTA plays in helping Jordan diversify its economy.

The United States-Jordan FTA has expanded the trade relationship between the two countries by reducing barriers for services, requiring cutting edge protection for intellectual property, promoting regulatory transparency, and requiring effective labor and environmental enforcement. At the Joint Committee's most recent meeting in October 2012, the United States and Jordan crafted an action plan outlining concrete steps to boost trade and investment bilaterally, and between Jordan and other countries in the Middle East region. Among its first steps under the action plan during 2013, Jordan endorsed Joint Principles on International Investment and Joint Principles for Information and Communication Technology (ICT) Services.

The United States also continued to work with Jordan in the area of labor standards, particularly through ongoing efforts under the Implementation Plan Related to Working and Living Conditions of Workers in Jordan, signed in 2013. The Plan addresses labor concerns in Jordan's garment factories including anti-union discrimination against foreign workers, conditions of accommodations for foreign workers, and gender discrimination and harassment.

In September 2015, the U.S. Department of Labor met with stakeholders in Jordan to continue to advance labor cooperation under the United States-Jordan FTA. During the visit, the U.S. government brought together officials from the Ministries of Health and Labor to try to improve coordination on dormitory inspections in the Qualified Industrial Zones, in line with commitments made in the 2013 Implementation Plan. The Ministry of Labor added 66 new labor inspectors in August 2015 and is working with the DOL-funded ILO Better Work program to improve their understanding of internationally recognized labor standards and the process for conducting audits in the garment sector.

In 2015, DOL also continued to fund a project aimed at supporting Jordan in building capacity to strengthen enforcement efforts to identify and eliminate child labor and to refer children and families vulnerable to child labor to relevant social services. In 2015 the project expanded interventions to also address the needs of Syrian refugee children who suffer increased vulnerability to child labor. At the request of the Jordanian government, DOL provided a $2.04 million extension to March 2016 for the ILO project to conduct a national child labor survey that will include data on Syrian refugee children, develop and train officials on a child labor monitoring system, raise awareness of child labor, and refer at-risk children and families to social services and educational and vocational opportunities.

For a discussion of environment related activities in 2015, see Chapter IV.A.2.

# 8. Republic of Korea

## Overview

The United States-Korea Free Trade Agreement (KORUS or Agreement) entered into force on March 15, 2012. As of January 1, 2016, four rounds of tariff cuts have taken place under KORUS. And in an important milestone, imports of passenger vehicles from the United States now enter Korea duty free. While the Korean economy performed strongly in 2014, slower growth in China and an outbreak of the MERS virus hindered growth during 2015. The United States, which has benefited from KORUS tariff reductions and other obligations that have come into effect, was able to expand its import market share from 8.5 percent in 2011 to 10.1 percent in 2015. While Korea's total imports of goods were down 16.9 percent during 2015, and its imports of goods from Japan, Australia, and the E.U. were down 14.7 percent, 19.4 percent, and 8.4 percent respectively, imports of goods from the U.S. shrank only 2.8 percent.

## Operation of the Agreement

The Agreement's central oversight body is the Joint Committee, chaired by the U.S. Trade Representative and the Korean Trade, Industry and Energy Minister. The fourth Joint Committee meeting was convened on October 16, 2015, and substantial issues of interest to both parties – including automotive, legal services and intellectual property issues – were discussed. A Senior Officials Meeting (SOM) was also held on November 17, 2015 to coordinate and report on the activities of the committees and working groups established under the agreement, and as follow-up to discussions at the October 2015 Joint Committee meeting on the above-mentioned issues.

In addition to the Joint Committee and the SOM, eight committees and working groups established under KORUS met in 2015. USTR has consulted and will continue to consult closely with stakeholders regarding the work of the FTA committees, including with respect to potential agenda items.

The United States also participated in quarterly financial services meetings with Korea. The European Union, which also has a free trade agreement with Korea, participated in the government-to-government sessions of these financial services meetings. There were also separate sessions in the meetings that included industry participants.

Following sustained engagement through these financial services meetings, on July 22, 2015, Korea's Financial Services Commission (FSC) published its regulations to meet its commitments contained in Section B of Annex 13-B (Transfer of Information) in the Financial Services Chapter. The regulations reflected stakeholder concerns and provided clearer definitions for the reporting and the approval process of offshore data processing.

In March 2015, the fourth meeting of the Medicines and Medical Devices Committee, the second Automotive Working Group meeting, and the third meeting of the Committee on Outward Processing Zones (OPZ) were held. These meetings were followed in November by the second meeting of the Environmental Affairs Council and the third meeting of the Automotive Working Group, and in December by the second meeting of the Committee on Sanitary and Phytosanitary Matters, the third meeting of the Professional Services Working Group, and the third meeting of the Committee on Services and Investment.

In November 2015, the U.S. Department of Labor (DOL) convened a workshop with the Korean Ministry of Employment and Labor (KMOEL), USTR, and the U.S. Department of State, to discuss ways for the two governments to cooperate under the KORUS labor chapter to facilitate corporate compliance with

international labor standards in global supply chains. During one session of the workshop stakeholders shared their recommendations for priority issues in global supply chains. DOL and KMOEL are currently following up with proposals for next steps.

The Medicines and Medical Devices Committee discussed Korea's import pricing system, each side's respective patent linkage system, and updates on draft legislation related to pharmaceutical drugs in Korea.

In the Automotive Working Group, the United States continued to urge improvement in Korea's regulatory environment for automobiles, including increased transparency and stakeholder involvement, use of proper cost-benefit analysis, and provision of adequate lead times for implementation of automobile-related policies. Specific issues addressed included Korea's draft final fuel economy standard and emissions testing requirements as well as implementation of new consumer protection policies covering: (1) disclosure by manufacturers to consumers of any repairs made to a vehicle prior to sale; and (2) the right of repair shops to access information needed to service vehicles.

During the meeting of the Committee on Outward Processing Zones, the Korean government provided an overview of the Gaesong Industrial Complex.

The Committee on Sanitary and Phytosanitary Matters and the Committee on Agricultural Trade discussed a range of topics including biotechnology, issues related to maximum residue limits (MRLs), pending plant and animal market access issues, and KORUS tariff-rate quota administration.

The Professional Services Working Group discussed mechanisms for enhancing trade in professional services, Korea's interest in Mutual Recognition Agreements (MRA) in the areas of engineering, architectural, and veterinary services, and the U.S. interest in an MRA in accounting services.

The Committee on Services and Investment discussed implementation of the Services and Investment Chapter of KORUS. The United States sought an update on Korea's plans for implementing its obligations related to legal services scheduled to go into effect in 2017, and the two sides discussed various aspects of the operation of the KORUS investor-State dispute settlement procedures.

The U.S. Government also addresses KORUS compliance and other trade issues on a continual basis through regular inter-sessional consultations, through respective embassies, and through other engagements with the Korean government (including at senior levels) in order to resolve issues in a timely manner. In 2015, the United States focused on issues related to Korea's implementation of its obligations with regard to financial services data transfer, automotive trade, intellectual property, competition policy, and medical devices. Through U.S. engagement with Korea, the United States succeeded in making significant progress in addressing issues in all of these areas.

For a discussion of environment related activities in 2015, see chapter IV.A.2.

## 9. Morocco

The United States-Morocco Free Trade Agreement (FTA) entered into force on January 1, 2006. It supports the significant economic and political reforms that are underway in Morocco and provides improved commercial opportunities for U.S. exports to Morocco by reducing and eliminating trade barriers.

Since the entry into force of the FTA, two way U.S.-Morocco trade in goods has grown from $927 million in 2005 (the year prior to entry into force) to $2.6 billion in 2015. U.S. goods exports to Morocco in 2014

were $1.6 billion, down 23.5 percent from the previous year. Corresponding U.S. imports from Morocco in 2015 were $1.0 billion, up nearly 2 percent from 2014.

The United States and Morocco held the fourth meeting of the FTA Joint Committee (JC) on February 20, 2015 in Rabat. U.S. and Moroccan officials noted the productive environmental and labor-related cooperation under relevant Environment and Labor FTA Subcommittees, which met in October and September 2014, respectively. They highlighted recent improvements to Morocco's legislative regime for the protection of intellectual property rights and outlined Morocco's steps to implement the bilateral Customs and Mutual Assistance and Trade Facilitation agreements, which went into effect February 1, 2016, as well as the multilateral 2013 WTO Trade Facilitation Agreement. Both sides expressed interest in expanding market access for particular exports, the United States for automobiles and Morocco for textiles and apparel.

The U.S. delegation raised questions regarding pending Moroccan trade legislation and about certain local content requirements in government tenders, which could hinder the competitiveness of U.S. firms in the bidding process. The U.S. delegation requested further information on Morocco's July 2014 implementation of an export and harvest quota for Gigartina seaweed (a key input for a U.S. processor). It also asked for additional details on a pending Moroccan-EU agreement on the protection of geographical indications (GIs) for EU products in the Moroccan market. In an effort to better understand U.S. market access procedures and to streamline their own export model, the Moroccan delegation requested information on how U.S. ports efficiently manage security and container processing, and asked for assistance in liaising with U.S. investment-promotion entities.

In the area of agriculture, the Joint Committee reviewed discussions held just prior to the JC's session in combined meetings of the Agriculture and SPS FTA Subcommittees. In the Subcommittee meetings, expert-level delegations considered the steps required to complete Moroccan SPS applications for market access to the United States for a number of agricultural products. They also attempted to find new approaches to the operation of the tariff rate quotas (TRQs) established by Morocco under the FTA (U.S. companies have long complained that the TRQs do not operate to grant U.S. wheat exports the preferential access to Moroccan markets envisioned under the FTA). Useful exchanges of technical information across a range of issues took place, designed to facilitate ongoing discussions. The two delegations committed to a series of digital video conferences (DVCs) and other communications throughout the year in order to maintain progress. The first of these conferences was held one week after the Joint Committee meeting, with subsequent DVCs in June and November 2015.

## 10. North American Free Trade Agreement

### Overview

On January 1, 1994, the North American Free Trade Agreement between the United States, Canada, and Mexico (NAFTA) entered into force. All remaining duties and quantitative restrictions were eliminated, as scheduled, on January 1, 2008. The NAFTA created the world's largest free trade area to date, which now links 478 million people producing roughly $20.7 trillion worth of goods and services.

Trade between the United States and its NAFTA partners has soared since the agreement entered into force. U.S. goods exports to the NAFTA partners have increased by 264 percent between 1993 and 2015, from $142 billion to $517 billion. The combined NAFTA market is also the largest export market for U.S. agriculture, totaling $41.8 billion in 2015. Services exports have also grown significantly, and are up by 233 percent since 1993 to $91.4 billion in 2014 (latest year available). By dismantling barriers, the NAFTA has led to increased trade and investment, growth in employment, and enhanced competitiveness. As a

result, U.S. two way goods trade with Canada and Mexico exceeds U.S. goods trade with the European Union and Japan combined.

On February 4th, 2016, the leaders of Canada, Mexico, and the United States joined nine other Asia-Pacific countries (Australia, Brunei, Chile, Japan, Malaysia, New Zealand, Peru, Singapore, and Vietnam) in signing the TPP Agreement. The TPP Agreement goes beyond the NAFTA in many important ways, effectively updating trade relations between Canada, Mexico, and the United States and setting new, higher standards for U.S. regional trade agreements. (*For additional information on the TPP, see Chapter 3.B.5*).

The NAFTA was the first U.S. FTA to link free trade with obligations to protect labor rights and the environment. The TPP, however, has dramatically updated and strengthened these commitments, setting the highest standards of any trade agreement. For example, the TPP Labor Chapter includes requirements to adopt or maintain laws on freedom of association, the right to bargain collectively and acceptable conditions of work, as well as prohibitions on exploitative child labor and forced labor, and protections against employment discrimination. The TPP Environment Chapter prohibits some of the most harmful fishery subsidies, creates new tools to combat illegal wildlife trafficking, and includes provisions that will improve the enforcement of conservation laws. In addition, both the Environment and Labor Chapters in the TPP are fully enforceable through dispute settlement.

**Elements of NAFTA**

*Operation of the Agreement*

The NAFTA's central oversight body is the NAFTA Free Trade Commission (FTC), composed of the U.S. Trade Representative, the Canadian Minister for International Trade, and the Mexican Secretary of Economy or their designees. The FTC is responsible for overseeing implementation and elaboration of the NAFTA and for dispute settlement.

The FTC held its most recent meeting in Washington, D.C. on April 3, 2012. Since October 2012, however, trade ministers, senior officials, and experts from the United States, Canada, and Mexico have met regularly to expand and deepen trade and investment opportunities in North America and beyond through the TPP negotiations, which were concluded in 2015. In addition, the Parties furthered their work to liberalize the NAFTA rules of origin.

*NAFTA and Labor*

The North American Agreement on Labor Cooperation (NAALC), a supplemental agreement to the NAFTA, promotes effective enforcement of domestic labor laws and fosters transparency in their administration. The NAALC established a tri-national Commission for Labor Cooperation, composed of a Ministerial Council and an administrative Secretariat. In addition, each NAFTA Party has established a National Administrative Office (NAO) within its Labor Ministry to serve as a contact point with the other Parties and the Secretariat, to provide publicly available information to the Secretariat and the other NAOs, and to provide for the submission and review of public communications on labor law matters. The NAOs, together with the Secretariat, can also carry out cooperative activities promoted by the Council.

In 2015, the U.S. Department of Labor (DOL) and the Mexican Secretariat of Labor and Social Welfare (STPS), completed a series of educational and outreach activities to which both agencies agreed in the context of Mexico's request for consultations regarding the public submissions filed with the Mexican NAO in 2003, 2005, and 2011 on the rights of workers under H-2A and H-2B visas. In the United States, the DOL held 29 outreach events in 15 states, reaching more than 2,300 workers and 1,000 employers. In Mexico, STPS held 11 events, reaching approximately 1,600 people. In addition, DOL and STPS continue

to collaborate to combat unlawful recruitment practices, as called for in the April 2014 Joint Declaration signed by the U.S. Secretary of Labor and Mexico's Secretary of Labor and Social Welfare.

Also in 2015, the U.S. and Canadian NAOs continued to monitor the status of negotiations between the Mexican Union of Electrical Workers (Sindicato Mexicano de Electricistas or SME) and the government of Mexico, which were intended to resolve issues raised in a January 2012 public submission accepted for review by the U.S. and Mexican NAOs in 2012. In 2015, the Mexican government and the SME signed a Memorandum of Understanding that grants the SME a concession to generate power at 14 plants previously operated by the SME's former employer, Luz y Fuerza del Centro (LyFC). SME has partnered with a Portuguese company, Mota-Engil, to establish a new enterprise, FENIX, which will operate the plants. The SME has deposited a new national collective bargaining agreement and FENIX will reemploy some of the close to 16,000 LyFC workers terminated when the company was dissolved by the government of Mexico in 2009.

Additional public submissions were received in 2015. In June 2015, Mexico's NAO accepted for review a submission filed against the United States regarding the DOL's enforcement of U.S. laws related to employment discrimination based on race. In November 2015, the U.S. NAO received a public submission from the United Food & Commercial Workers Local 770, the Frente Auténtico del Trabajo, the Los Angeles Alliance for a New Economy, and the Project on Organizing, Development, Education, and Research concerning the government of Mexico's obligations under the NAALC regarding workers' rights. Allegations in the public submission include: a failure by Mexico to enforce laws related to the use of "protection contracts," which are collective bargaining agreements signed and deposited by non-representative unions and employers, often without workers' knowledge; failures to publish collective bargaining agreements, as required by the federal labor law; failure to enforce laws related to pregnancy discrimination; and failures to enforce laws related to violations of acceptable conditions of work. The U.S. NAO accepted the public submission for review on January 11, 2016.

*NAFTA and the Environment*

The three governments continued their efforts to ensure that trade liberalization and efforts to protect the environment are mutually supportive. The Council of the Commission for Environmental Cooperation (CEC) under the North American Agreement on Environmental Cooperation (NAAEC) met in July 2015 in Boston, one of North America's model green cities. Council members endorsed a blueprint that will guide the work of the Parties under the CEC through 2020. The Council also created a roster of experts (five from each country) on traditional ecological knowledge to advise the Council on opportunities to apply this knowledge to the CEC's operations and policy recommendations.

Articles 14 and 15 of the NAAEC establish a process for individuals or entities residing or established in the United States, Canada, or Mexico to file a public submission asserting that a Party is failing to effectively enforce its environmental law. The CEC Secretariat received three new public submissions in 2015, which are under review. In 2015, the CEC continued to implement a new reporting approach for public submissions as part of its commitment to transparency. As part of this approach, the CEC Council authorized the preparation of factual records on two public submissions that it received in 2014. The CEC completed the factual record on one of these submissions and made it available to the public in December 2015. The factual record on the other public submission is nearing completion.

Additionally, since 1993, Mexico and the United States have helped border communities with environmental infrastructure projects in furtherance of the goals of the NAFTA and the NAAEC. The Border Environment Cooperation Commission (BECC) and the North American Development Bank (NADB) are working with communities throughout the United States-Mexico border region to address their environmental infrastructure needs. As of September 30, 2015, the NADB is participating in 215 BECC-

certified environmental infrastructure projects with $2.59 billion in loans and grants, of which 96 percent has already been disbursed for project implementation.

## 11. Oman

The United States-Oman Free Trade Agreement (FTA), which entered into force on January 1, 2009, complements other U.S. FTAs in the Middle East and North Africa (MENA) to promote economic reform and openness throughout the MENA region. Implementation of the obligations in the FTA generates export opportunities for U.S. goods and services providers, solidifies Oman's trade and investment liberalization efforts, and strengthens intellectual property rights protection and enforcement.

The central oversight body for the FTA is the United States-Oman Joint Committee (JC), chaired jointly by USTR and Oman's Ministry of Commerce and Industry. Meetings of the JC have addressed a broad range of trade issues, including efforts to increase bilateral trade and investment levels; efforts to ensure effective implementation of the FTA's customs, investment and services chapters; possible cooperation in the broader MENA region; and additional cooperative efforts related to labor rights and environmental protection.

During the first meeting of the Subcommittee on Labor Affairs in April 2012, officials discussed the complaint mechanism of the labor chapter and potential areas of future labor cooperation. In 2014, Oman renewed the International Labor Organization's (ILO) Decent Work Country Program. The program will work with the Omani government, in collaboration with unions and businesses, to promote social dialogue and resolve labor disputes, improve labor inspections, and strengthen technical and vocational training programs. The ILO program was launched in 2010 and will now continue through 2016. The renewal agreement was signed by the Sultanate of Oman, the General Federation of Oman Trade Unions, and the Oman Chamber of Commerce and Industry. The Oman trade union federation was formed in 2006, as a result of major labor reforms by the government of Oman enacted in the context of concluding the FTA, which allowed independent unions in Oman for the first time. Oman has since seen a rapid increase in unionization with over 200 enterprise-level unions and a sub-federation for trade unions established in the oil and gas sectors. In 2015, the U.S. Department of Labor visited Oman to meet with various stakeholders to identify ways to strengthen labor law enforcement for all workers in Oman.

For a discussion of environment related activities in 2015, see Chapter IV.A.2.

## 12. Panama

### Overview

The United States-Panama Trade Promotion Agreement (TPA) entered into force on October 31, 2012. The United States' two way goods trade with Panama was $8.2 billion in 2015, with U.S. goods exports to Panama totaling $7.8 billion. Under the TPA, tariffs on 86 percent of U.S. consumer and industrial goods exports to Panama (based on 2011 trade flows) were eliminated upon entry into force, with any remaining tariffs phased out within 10 years. Additionally, nearly half of U.S. agricultural exports became duty free, with most remaining tariffs to be phased out within 15 years. Tariffs on a few of the most sensitive agricultural products will be phased out in 18 to 20 years. Following the first tariff reduction under the TPA on October 31, 2012, subsequent tariff reductions occur on January 1 of each year; the fifth round of tariff reductions took place on January 1, 2016. The TPA also provides significant new access to Panama's nearly $28 billion services market and includes disciplines related to customs administration and trade

facilitation, technical barriers to trade, government procurement, telecommunications, electronic commerce, intellectual property rights, and labor and environmental protection.

**Elements of the United States-Panama TPA**

*Operation of the Agreement*

The TPA's central oversight body is the United States-Panama Free Trade Commission (FTC), composed of the U.S. Trade Representative and the Panamanian Minister of Trade and Industry or their designees. The FTC is responsible for overseeing implementation and operation of the TPA. The United States and Panama continued to work cooperatively during 2015 to continue to implement the provisions of the TPA and address the few issues of concern that arose during the year. The United States and Panama intend to schedule an FTC meeting in the first half of 2016. Recognizing the importance of an effective dispute settlement procedure to ensuring both countries' rights and benefits under the Agreement, in 2015 both sides worked to establish four rosters of potential panelists for disputes that may arise under the TPA concerning general matters, as well as under the Labor, Environment, and Financial Services chapters of the TPA, and expect to finalize the rosters at the FTC meeting. The finalization of the rosters will complete the establishment of the dispute settlement infrastructure for the Agreement, building on the 2014 FTC decisions establishing model rules of procedures for the settlement of disputes, a code of conduct for panelists, and remuneration of panelists, assistants, and experts, and the payment of their expenses. Both sides agreed that implementation was proceeding and providing new opportunities for traders and investors.

The United States and Panama also continued to make progress in updating the TPA's rules of origin to correspond to the 2007 and 2012 changes in the Harmonized System (HS) nomenclature and expect to complete this effort at the 2016 FTC meeting. Completing this update will contribute to easing customs administration for customs authorities, producers, exporters and importers.

*Labor*

The TPA includes a Labor Chapter with commitments requiring both countries to adopt, maintain, and implement laws, regulations, and other measures to protect the fundamental labor rights described in the 1998 Declaration of Fundamental Principles and Rights at Work of the International Labor Organization, and not to fail to effectively enforce their labor laws or to reduce labor protections to encourage trade or investment. The obligations under the Labor Chapter are subject to the same dispute settlement provisions as the other obligations in the TPA and therefore are subject to the same remedies, and all of the Labor Chapter commitments are meant to enable workers and businesses to compete on a level playing field.

Panama undertook a series of major legislative and administrative actions beginning from 2009 to 2011 to further strengthen its labor laws and labor enforcement, including new laws to protect the right to strike, eliminate restrictions on collective bargaining, and protect the rights of temporary workers. Panama has also taken administrative actions to address concerns in the areas of subcontracting, temporary workers, employer interference with unions, bargaining with non-union workers, strikes in essential services, and labor rights in the maritime sector. Officials from the U.S. Department of Labor (DOL) met with Panamanian government officials and labor stakeholders in Panama City during the April 2015 Summit of the Americas meetings to discuss areas of ongoing concern and cooperation, such as improving labor inspections and child labor issues.

In addition, DOL is currently funding three projects in Panama to further combat exploitative child labor, including a $3.5 million, four-year project implemented by the International Labor Organization (ILO) to strengthen the enforcement of child labor and occupational safety laws in Panama. The DOL is also funding a $6.5 million, four-year project implemented by Partners of the Americas to continue to address the worst

forms of child labor among the most vulnerable populations in Panama, including Afro-descendants and migrant and indigenous children, by providing them with educational and other services. A four-year DOL project ended in 2015, which was implemented by the ILO in several countries to support the *Roadmap for Achieving the Elimination of the Worst Forms of Child Labor by 2016*, and strengthened legal protections and social services for child domestic workers in Panama. According to the bi-annual Child Labor Survey (Encuesta de Trabajo Infantil-ETI), conducted in October 2014 by the National Institute of Statistics and Census (INEC) with results released in 2015, no child labor was detected in the sugar industry, and there was a nearly 50 percent reduction in cases of children and adolescents working in all sectors in the country from the number of cases reported in the 2012 Child Labor Survey.

*Environment*

For a discussion of environment related activities in 2015, see Chapter IV.A.2.

## 13. Peru

### Overview

The United States-Peru Trade Promotion Agreement (PTPA) entered into force on February 1, 2009.

The United States' two-way trade in goods with Peru was $13.9 billion in 2015, with U.S. goods exports to Peru totaling $8.8 billion, and U.S. goods imports from Peru totaling $5.1 billion. U.S. exports of agricultural products to Peru totaled $1.1 billion in 2015. Leading categories include: corn ($302 million), wheat ($88 million), cotton ($96 million), and dairy products ($69 million). U.S. foreign direct investment (FDI) in Peru (stock), primarily in the mining sector, was $6.5 billion in 2014 (latest data available), a 20.9 percent increase from 2013.

The PTPA eliminates tariffs, removes barriers to U.S. goods and services, provides a secure and predictable legal framework for investors, and strengthens protections for intellectual property, workers' rights, and the environment.

### Elements of the PTPA

*Operation of the Agreement*

The PTPA establishes a Free Trade Commission (FTC) to supervise the implementation of the PTPA. In November 2015, the FTC met to review the progress made under the PTPA since its entry into force. The FTC received reports on the meetings of the Technical Barriers to Trade Committee and the Standing Committee on Sanitary and Phytosanitary Measures (SPS). The recent meetings and ongoing work under the Subcommittee on Forest Sector Governance, the Environmental Affairs Council (EAC), and the Environmental Cooperation Commission (ECC) were also highlighted. Such meetings facilitate a productive exchange of information between the Parties regarding the implementation of specific chapters of the Agreement. The FTC also discussed issues related to textiles, intellectual property rights, rules of origin, trade facilitation, and the rules and procedures to implement the dispute settlement chapter. Both Parties also highlighted the importance of increasing cooperation activities to support implementation of the Agreement, in areas such as environmental and labor cooperation, among others.

*Agriculture*

Following extensive technical-level exchanges, and numerous engagements by USDA officials in a variety of fora, including the PTPA Standing Committee on Sanitary and Phytosanitary Matters, Peru implemented improved market access requirements for U.S. fresh/chilled pork in April 2015, and established new market access for U.S. rough rice and live cattle in April and July 2015, respectively. These new and improved market access conditions are expected to deliver expanded opportunities over time for U.S. exporters. U.S. exports of pork and pork products (primarily frozen) to Peru were valued at nearly $10 million in 2015, up 47 percent from 2014.

*Labor*

USTR continues to engage with the government of Peru to review progress on the implementation of the PTPA's labor provisions, including at the October 2014 meeting of the Labor Affairs Council in Lima, Peru. High-level government officials from the United States and Peru convened the Council to review implementation of the PTPA Labor Chapter, including the activities of the Labor Cooperation and Capacity Building Mechanism. The Council exchanged information on labor enforcement activities, including Peru's efforts to improve labor inspections and address issues related to labor contracting. Also discussed at this meeting were a series of labor reforms Peru enacted in 2014, and stakeholder concerns regarding the impact of those reforms on occupational safety and health norms, as well as the level of fines for labor law violations. The Council meeting concluded with an open public session, with the participation of more than 100 stakeholders from labor unions, businesses, and other interested groups. In July 2015, the International Labor Rights Forum and several Peruvian labor groups filed a public communication with the U.S. Department of Labor (DOL) alleging that the government of Peru had failed to meet its obligations under the PTPA Labor Chapter. The communication raised issues related to Peru's adoption and maintenance of laws and practices that protect fundamental labor rights and the effective enforcement of labor laws, particularly with regard to Peru's laws on nontraditional exports and the use of temporary contracts in the textiles sector and agricultural industry. Pursuant to its procedural guidelines, the DOL accepted the communication for review in September 2015, and will issue a public report on the issues raised in the submission in 2016. In December, officials from the DOL and USTR travelled to Peru for meetings with the government of Peru as well as labor and business groups to discuss the communication and the labor rights situation in Peru. Further information on the Peru labor communication is available at: http://www.dol.gov/ilab/trade/agreements/fta-subs.htm.

In December 2014, DOL awarded $2 million to implement a project to help build the labor law enforcement capacity of the Peruvian Ministry of Labor and Employment Promotion's (MTPE) recently-formed National Superintendency of Labor Inspection (SUNAFIL). The project focuses particularly on improving the MTPE's enforcement of laws, regulations, and other legal instruments governing subcontracting, outsourcing, and the use of short-term employment contracts, especially in the textile/apparel and agricultural export sectors. In November 2015, DOL also awarded to the Solidarity Center a $750,000 project to complement the SUNAFIL project by building the capacities of workers' organizations to effectively assist their constituents to identify abusive short-term employment contracting and unlawful subcontracting and to productively engage with employers and the government to address identified problems.

*Environment*

For a discussion of environment related activities in 2015, see Chapter IV.A.2.

## 14. Singapore

The United States-Singapore Free Trade Agreement (FTA) has supported large increases in bilateral trade and investment with Singapore, creating high-paying jobs and new economic opportunities in both countries. Two-way goods trade has increased 48 percent from $32 billion in 2003 to $47 billion in 2015. Two-way services trade has more than doubled, increasing from $8.1 billion in 2003 to $17.9 billion in 2014. In 2015, the United States had a $10.4 billion goods trade surplus and $6.0 billion services trade surplus with Singapore. The United States engaged regularly with Singapore in 2015 to further build and expand the bilateral relationship and address bilateral issues. In April, Singapore agreed to terms and conditions to restore full market access for U.S. beef and beef products, a deal expected to open new opportunities for U.S. beef in a growing market currently valued at $24 million. In addition, the United States and Singapore have been close partners in the Trans-Pacific Partnership (TPP) negotiation (*see Trans-Pacific Partnership discussion in Chapter III.B.5*) as well as through WTO, APEC, ASEAN, and other regional initiatives.

For a discussion of environment related activities in 2015, see Chapter IV.A.2.

# B. Other Bilateral and Regional Initiatives

## 1. The Americas

### Free Trade Agreements

The United States continued to implement, enforce, and benefit from its six FTAs covering the following countries in the Americas: Canada and Mexico under NAFTA; Costa Rica, the Dominican Republic, El Salvador, Guatemala, Honduras, and Nicaragua under CAFTA-DR; and separate bilateral FTAs with Chile, Colombia, Panama, and Peru. In addition, Canada, Chile, Mexico, and Peru are parties to the recently completed TPP negotiations, making the Americas region a very significant presence in the negotiation of this twenty-first century agreement. (*A description of USTR's FTA focused activity in this region during 2015 can be found in Chapter III.A.*).

### Trade and Investment Framework Agreements and other Bilateral Trade Mechanisms

USTR chairs bilateral meetings with non-FTA partners in the Americas to discuss market opening opportunities, including improving access for small and medium sized enterprises (SMEs) and resolving trade issues with those governments. The United States has a Trade and Investment Framework Agreement (TIFA) with Uruguay, signed in January 2007, and with the Caribbean Community (CARICOM), signed in May 2013 to update and enhance a prior TIFA signed in 1991. The United States and Paraguay established a Joint Commission on Trade and Investment in 2004, which last met in November 2015 (see below).

### Other Priority Work

The United States continued its engagement with other countries in the region, aimed at fostering bilateral trade relations and resolving trade problems during 2015. Highlights of USTR's other priority activities in the region include:

*Brazil*

In October 2014, the United States and Brazil signed an MOU to permanently end the WTO cotton dispute, eliminating a longstanding irritant in our bilateral relationship. Under the terms of the MOU, Brazil formally terminated the WTO dispute and gave up its right to introduce countermeasures against U.S. trade

or initiate any further proceedings in the dispute. Brazil also agreed not to bring new WTO actions against U.S. cotton support programs until September 30, 2018, or against agricultural export credit guarantees under the GSM-102 export credit guarantee program as long as the program is operated consistent with the agreed terms set out in the MOU.

Bilateral dialogue with Brazil is conducted under the Agreement on Trade and Economic Cooperation (ATEC), which was signed during President Obama's March 2011 trip to Brazil. The ATEC was intended to deepen U.S. engagement with Brazil and expand the trade and investment relationship on a broad range of issues including trade facilitation, intellectual property rights and innovation, and technical barriers to trade. The most recent meeting under the ATEC was held in September 2013. The USTR plans to hold the next meeting under the ATEC during the first half of 2016.

*Canada*

In February 2011, the United States and Canada launched the U.S.-Canada Regulatory Cooperation Council (RCC). Since then, U.S. and Canadian regulators have engaged in an unprecedented dialogue to facilitate closer cooperation between the two countries to help develop smarter and more effective approaches to regulations, and to help make the U.S. economy stronger and more competitive. In 2014, the RCC developed the Joint Forward Plan and in May 2015 the United States and Canada announced the regulatory partnership statements and annual work plans.

The 2011 Beyond the Border Action Plan articulates a shared approach to security in which United States and Canada work together to address threats within, at, and away from our borders, while expediting lawful trade and travel. The United States-Canada Beyond the Border Executive Steering Committee (ESC) met most recently in June 2015 to review and discuss progress on the Beyond the Border initiative. In May 2015, the White House and Canada's Privy Council Office released the 2014 Beyond the Border Implementation Plan, which reported on progress in the deliverables of the Beyond the Border Action Plan, and a 2015 report is anticipated to be published in early 2016.

As a result of the 1998 United States-Canada Record of Understanding on Agricultural Matters, the United States-Canada Consultative Committee on Agriculture (CCA) and the Province/State Advisory Group were formed in 1999 to strengthen bilateral agricultural trade relations and to facilitate discussion and cooperation on matters related to agriculture. The CCA met in June 2015 to address bilateral trade issues, and strengthen collaboration on issues of mutual interest, including trade barriers in third countries.

*Mexico*

In May 2013, President Obama and Mexican President Peña Nieto established the High Level Economic Dialogue (HLED) to further elevate and strengthen the dynamic bilateral commercial and economic relationship. The HLED, which is led at the cabinet level, is a flexible platform intended to advance strategic economic and commercial priorities central to promoting mutual economic growth, job creation, and global competitiveness. In 2015, the United States and Mexico began their work on the work plan established at the HLED meeting on January 6, 2015. On February 25, 2016, Deputy USTR Ambassador Robert Holleyman joined Vice President Biden and members of the U.S. cabinet in Mexico City for the third meeting of the HLED. The cabinet officials noted success in meeting 2015 strategic goals.

Throughout 2015, the United States and Mexico, with support from the Standards Alliance, a public-private partnership between the USAID and the American National Standards Institute, continued their cooperation on standards and regulation. On February 9-10, 2016, the United States and Mexico participated in an advanced course on technical barriers to trade for North American Regulators in Mexico City. The purpose of the workshop was to highlight the tools of the TBT Agreement for experienced regulators, especially in

areas that support U.S.-Mexican trade and cooperation. Two additional activities are planned for 2016 that will focus on uncertainty and traceability methods for laboratories that perform chemical and environmental tests, and conformity assessment practices for the food sector.

*Paraguay*

In June 2015, the United States and Paraguay signed a Memorandum of Understanding on Intellectual Property Rights, under which Paraguay committed to take specific steps to improve its IPR protection and enforcement environment, and USTR removed Paraguay from the Special 301 Watch List. In November 2015, Paraguay hosted the twelfth meeting of the Joint Council on Trade and Investment, which had last met in 2011. The United States and Paraguay discussed a broad range of bilateral trade and investment issues, including increased collaboration to expand economic opportunities for businesses and investors, implementation of the MOU on IPR, and market access issues.

# 2. Europe and the Middle East

USTR's Office of Europe and the Middle East is responsible for bilateral trade relations with the European Union (EU) and its 28 Member States, non-EU European countries, Russia, certain countries of western Eurasia, the Middle East, and North Africa. During 2015, the Office of Europe and the Middle East focused on pursuing negotiations on a comprehensive Transatlantic Trade and Investment Partnership (T-TIP) agreement with the EU; monitoring Russia's implementation of its WTO commitments and responding to Russia's illegal actions in Ukraine; building initiatives in the Middle East/North Africa (MENA) region to support ongoing political and economic reforms as well as trade and investment integration, including through FTAs, BITs, and TIFAs; and working with countries wherever possible, through TIFAs and other arrangements, to resolve trade concerns, expand trade and investment opportunities, and foster commercial and trade policies grounded in the rule of law.

**Deepening U.S.-EU Trade and Investment Relations**

The U.S. trade and investment relationship with the EU is the largest and most complex economic relationship in the world. Transatlantic trade flows (goods and services trade plus earnings and payments on investment) averaged an estimated $4.7 billion each day of 2015[29]. The total stock of transatlantic investment was $11.2 trillion in 2014. These enormous trade and investment flows constitute a key pillar of prosperity for the United States and Europe, and countries around the world benefit from access to the markets, capital, and innovations of the transatlantic economy.

To further strengthen this critical trade and investment relationship, President Obama announced on February 13, 2013 his intention to pursue comprehensive trade and investment negotiations with the EU. On June 17, 2013, President Obama and EU Leaders announced the launch of negotiations on a T-TIP agreement. By the end of 2015, U.S. and EU negotiators had met in eleven formal rounds, including four in 2015, and were engaging in a wide range of discussions and negotiating sessions between rounds.

President Obama and other G7 leaders in June 2015 publicly affirmed their support for an acceleration of the T-TIP negotiations. In a joint statement following their December 11 meeting, Ambassador Froman and EU Trade Commissioner Cecilia Malmstrom affirmed the shared U.S.-EU commitment "to expeditiously reaching an ambitious, comprehensive agreement that promotes economic growth and jobs, strengthens our strategic partnership, and reflects our shared values." They also agreed "to further

[29] Based on trade for first three quarters of 2015.

intensify" work during 2016, "to help negotiations move forward rapidly, including through enhanced intersessional work, frequent formal negotiating rounds, and increased Minister-level consultations."

In establishing U.S. negotiating objectives for the T-TIP agreement, the Administration consulted closely with the U.S. Congress and a wide range of public and private sector stakeholders. The United States is seeking in T-TIP to:

- Further open EU markets to increase the $495 billion in goods and private services the United States exported in 2014 to the EU, our largest export market;
- Strengthen rules based investment to grow the world's largest investment relationship. The United States and the EU already maintain a total stock of $4.2 trillion in investment in each other's economies (as of 2014);
- Eliminate all tariffs on trade in goods;
- Tackle costly unnecessary "behind the border" nontariff barriers that impede the flow of goods, including agricultural goods;
- Obtain improved market access for trade in services;
- Significantly reduce the cost of unnecessary differences in regulations, standards, and conformity assessment procedures by, for example, promoting greater transparency, public participation, and accountability in regulatory procedures, and by achieving greater compatibility in the U.S. and EU approaches to regulation in several economically significant sectors, while maintaining our high levels of health, safety, and environmental protection;
- Develop rules, principles, and new modes of cooperation on issues of global concern, including intellectual property and market-based disciplines addressing state-owned enterprises; and,
- Promote the global competitiveness of small- and medium-sized enterprises.

**Ongoing Engagement with the Middle East and North Africa (MENA)**

The revolutions and other changes that swept through MENA beginning in 2011 have provided new opportunities and posed new challenges, with respect to U.S. trade and investment relations with MENA countries (especially countries in transition such as Tunisia, Morocco, Jordan, Egypt, and Libya). Pursuant to the President's call in his May 2011 speech to establish a new trade and investment partnership initiative with the MENA region, USTR has coordinated with other Federal agencies, outside experts, and stakeholders in both the United States and MENA partner countries to explore prospective areas for cooperation that could yield the quickest results in terms of increased trade and investment, in addition to developing longer term trade and investment objectives with regional trading partners. In 2015, the United States continued to monitor, implement, and enforce existing U.S. FTAs in the region (Bahrain, Israel, Jordan, Morocco, and Oman); pursued TIFA consultations with Algeria (including attempts to revive engagement with the Algerian government in relation to its WTO accession efforts); and sought new opportunities to cooperate more closely with Egypt and Tunisia.

In 2015, the United States also continued to pursue engagement with the Gulf Cooperation Council (GCC) countries as a group through the United States-GCC "Framework Agreement for Trade, Economic, Investment and Technical Cooperation." Delegations from the United States, the GCC Secretariat, and the six Member States (Bahrain, Kuwait, Oman, Qatar, Saudi Arabia, and the United Arab Emirates) held a meeting under the Agreement in June 2015, discussing key trade and investment issues including customs, intellectual property, control procedures for food imports, standards development, legal harmonization, and WTO initiatives. Enhanced U.S. dialogue with the GCC is aimed at ensuring that U.S. interests are fully represented as the GCC continues to develop as a regional organization dedicated to harmonizing standards, import regulations, and conformity assessment systems among its member states.

**Responding to Russian Actions in Ukraine**

Notwithstanding the nineteen years of constructive work to align Russia's trade regime with the principles of the WTO, in the past year Russia has continued to move away from those core tenets of trade liberalization, transparency, and rule of law. In many areas, Russia's initial progress toward open, non-discriminatory trading practices has slowed, or even reversed. Russia is pursuing an increasingly protectionist approach to economic development, instituting local content requirements and discriminating against imports. It also continues to use unjustified and retaliatory trade measures against many of its neighbors, as well as against the United States, based on motivations that appear to be political.

Although the United States has restricted its bilateral engagement with Russia as a result of Russia's violations of Ukraine's sovereignty and territorial integrity, we have continued, and will continue, to respond to these policies working through the WTO by reminding Russia of its WTO commitments and the benefits to Russia and to other WTO Members of Russia complying with those commitments. As reflected in USTR's "2015 Report on the Implementation and Enforcement of Russia's WTO Commitments", issued in December 2015, as well as the its "Report on WTO Enforcement Actions: Russia" issued in June 2015, the United States has spent the past year urging Russia to implement fully its WTO commitments and using various WTO mechanisms to obtain compliance where Russia appears to fall short. The United States will continue to monitor Russia's implementation of its WTO obligations and use all available tools of the WTO, as appropriate, to enforce those obligations.

Due, in part, to the sanctions regime against Russia, the United States has engaged only minimally with the Eurasian Economic Commission (EEC), the administrative arm of the Eurasian Economic Union (EAEU), on issues that fall within the EEC's competence (*e.g.*, TBT, SPS, and tariffs). As the EEC assumes more responsibility over the external trade policy of the EAEU member States (Armenia, Belarus, Kazakhstan, Kyrgyzstan, and Russia), USTR will work with the EEC, Russia, and the individual EAEU member states to ensure compliance with the WTO rules and to open the EAEU's markets to exports of U.S. goods.

**Other Priority Trade Activities**

In addition to the countries referenced above, the United States also engaged with other key countries in the European, western Eurasian and Middle East/North African regions to promote enhanced trade and investment ties, increase U.S. exports, foster the development of intraregional economic ties, and, where relevant, advance countries' accessions to the WTO (*see Chapter II.J.6. for more information on WTO accessions*).

Notable activities in 2015 included:

- *Turkey*: Recognizing Turkey's growing importance as a trade and investment partner, the U.S. Trade Representative and the Secretary of Commerce co-chair U.S participation in a ministerial level forum designed to enhance bilateral engagement on economic issues, known as the Framework for Strategic Economic and Commercial Cooperation (FSECC). U.S. and Turkish officials to date have conducted three formal FSECC meetings: October 2010 (Washington); June 2012 (Ankara); and May 2014 (Washington). The next meeting is envisioned for 2016 in Turkey. Given Turkey's concerns about the potential for U.S.-EU T-TIP negotiations to affect its trade relations with both the United States and the EU, the United States and Turkey in May 2013 agreed to form a High Level Committee (HLC), associated with the FSECC, to assess such potential impacts and seek new ways to promote bilateral trade and investment. USTR Michael Froman and the Turkish Minister of Economy chair the HLC and most recently met in May 2014. Expert level contacts under the HLC were conducted on several occasions throughout 2015.

- *Ukraine*: In May 2015, the United States and Ukraine held the fifth meeting of the United States-Ukraine Trade and Investment Council in Kyiv. The agenda covered a broad range of issues, including trade and export facilitation and the business and investment climate in Ukraine. The United States supported Ukraine's completion of its accession to the WTO Government Procurement Agreement and encouraged ratification of the WTO Trade Facilitation Agreement. The United States also continued to work with the government of Ukraine to improve the protection and enforcement of intellectual property rights. Finally, the United States continued to provide significant financial support to the government of Ukraine, bilateral loan guarantees and other assistance in an effort to help stabilize and reform Ukraine's economy.

## 3. Japan, Republic of Korea, and the Asia-Pacific Economic Cooperation Forum

### Japan

*United States-Japan Trade Relations*

In 2015, the United States continued to engage Japan on a broad array of trade and trade-related issues, with the goal of eliminating unnecessary barriers to trade and expanding access to Japan's market. The United States engaged in numerous rounds of negotiations with Japan in the context of the Trans-Pacific Partnership (TPP) negotiations, which Japan joined in July 2013. The United States and Japan likewise continued to hold negotiations in parallel to Japan's participation in the TPP talks to address issues of concern in the motor vehicle and insurance sectors, as well as other nontariff measures in areas such as express delivery, transparency, government procurement, and sanitary and phytosanitary measures. These negotiations were successfully concluded in October 2015. Key outcomes from these negotiations include the following:

*Agriculture*: Japan is already the fourth-largest market for U.S. agricultural products, with U.S. exports valued at over $11.1 billion in 2015, despite the existence of substantial market access barriers. The TPP agreement covers all agricultural products, and, once implemented, will deliver new and expanded access to Japan's market through a variety of actions and mechanisms. Under the TPP agreement, almost 60 percent of U.S. farm product exports (by value) to Japan will receive duty-free treatment immediately and tariffs on most other products will be phased out over agreed-upon transition periods. For a certain number of products, Japan will substantially cut tariffs over an agreed-upon transition period, in most cases to single-digit levels. In some cases, new tariff-rate quotas (TRQs), both country-specific and TPP-wide, will provide preferential market access for certain quantities of products, including wheat, rice, barley, dairy products, and sweetener and starch products. U.S. agricultural products that will see enhanced access to Japan's market under TPP include: beef and beef products, pork and pork products, poultry and eggs, dairy products, rice and rice products, wheat and wheat products, barley and barley products, corn and corn products, fresh and processed fruits and vegetables, wine, tree nuts, peanuts, soybeans and soybean products, sweetener products, and consumer-ready products.

*Automobiles*: The provisions in TPP between Japan and the United States on motor vehicle trade create groundbreaking new opportunities for U.S. automobile manufacturers in Japan by, among other things, improving transparency in Japan's regulatory process; expanding Japan's acceptance of certain U.S. motor vehicle standards and ensuring that Japan will not unduly delay the introduction of vehicles that include new technologies; providing that motor vehicles imported under Japan's preferential handling procedure will be eligible for financial incentives that are available to Japanese vehicles; and establishing a rapid consultation mechanism covering new non-tariff measures that may emerge and unnecessarily restrict trade,

including those not yet adopted or published, in order to deter the adoption of such measures. Meanwhile, U.S. tariffs on imports of Japanese autos and trucks will be phased out over 25 and 30 years respectively, the longest phase-out periods in TPP, which will provide an opportunity for U.S. firms to pursue market-opening opportunities prior to any reduction in U.S. tariffs. The TPP also includes special, accelerated dispute settlement procedures between the United States and Japan to address violations for matters that relate to motor vehicles, with stiff penalties, including delaying U.S. tariff cuts and a duty snapback. In addition, a special automotive safeguard will be available should an increase in imports cause or threaten to cause serious injury to U.S. producers.

*Nontariff Measures*: Bilaterally, Japan has also agreed to take a number of actions to address nontariff measures in other areas through steps that will help to eliminate unnecessary barriers to trade, improve transparency, and provide greater opportunities for Americans to compete in the Japanese market. Japan is providing assurances and taking regulatory steps so that U.S. insurance companies have open access to Japan Post's vast distribution network, and can compete on a level playing field and under equivalent conditions of competition with Japan Post as it goes public. Likewise, Japan will improve transparency related to Japan Post's express mail service business activities. Other actions include providing increased opportunities for U.S. firms and other stakeholders to participate in the regulatory process; improving corporate governance standards; participating in a United States-Japan bilateral working group to help prevent unnecessary technical barriers to trade; and ensuring greater transparency in the government procurement process. Japan has already eased restrictions on imported gelatin and collagen, and Japan will streamline the approval process for fungicides and complete approval of internationally commonly-used food additives.

In addition, the United States worked closely with Japan in other multilateral fora in 2015 to address trade issues of common interest, including those in third-country markets. This work included closely coordinating on World Trade Organization (WTO) dispute settlement matters and working toward the successful conclusion of negotiations to expand the WTO Information Technology Agreement. The United States and Japan also worked together with 23 other economies to advance negotiations on the Trade in Services Agreement. The United States and Japan are working closely together in the Asia-Pacific Economic Cooperation (APEC) forum on advancing next generation issues like digital trade; creating an enabling environment for innovation by pursuing best practices for trade secrets protections; developing alternatives to localization policies; and ensuring that APEC member economies implement their groundbreaking commitment to reduce tariffs on environmental goods.

**Republic of Korea (Korea)**

(*See Chapter III.A.8 for discussion of the United States-Korea Free Trade Agreement.*)

In addition to close engagement with counterparts in the Korean government in FTA committee meetings and working groups under the United States-Korea Free Trade Agreement (KORUS FTA), USTR continues to hold bilateral consultations with Korea in a variety of formats to address bilateral trade issues in a timely fashion, as well as to discuss emerging issues that may fall outside the scope of the FTA. These meetings, which USTR leads, and in which other U.S. agencies participate, are augmented by a broad range of senior level policy discussions. In 2015, the United States and Korea held a number of bilateral trade consultations, in which the United States raised issues including the importance of good regulatory practice to the maintenance of an open and welcoming business environment, proper enforcement of intellectual property and competition policy, and agricultural market access.

Korea has provided important market access for U.S. beef and beef products from animals less than 30 months of age since reopening its market to imports of U.S. beef in June 2008. In 2015, U.S. exports of

beef and beef products to Korea topped $810 million**,** making Korea the fourth largest U.S. beef export market.

The United States and Korea cooperated extensively in a range of multilateral and regional fora to advance opening markets. In APEC, the two economies worked together closely to strengthen regional economic integration in the Asia-Pacific by improving supply chain performance in the region, addressing localization barriers to trade, advancing efforts to identify barriers to digital trade, and ensuring that APEC member economies implement their groundbreaking commitment to reduce tariffs on environmental goods. The United States also supported Korea's capacity building initiative for helping developing economies participate in ongoing regional trade agreement negotiations. Korea joined with the United States and others to launch negotiations in 2013 to conclude a Trade in Services Agreement (TiSA). The TiSA negotiations now include 23 economies, which represent nearly 70 percent of the world's $55 trillion services market in 2014.

**APEC**

*Overview*

Since it was founded in 1989, the Asia-Pacific Economic Cooperation (APEC) forum has been instrumental in promoting regional and global trade and investment. APEC provides a unique opportunity to reduce barriers to U.S. exports and to more closely link our economy with the dynamic Asia-Pacific region. Since hosting in 2011, the United States worked with successive APEC hosts (Russia, Indonesia, China, and the Philippines) to build on the momentum created in its host year and ensure that APEC remains a forum that achieves concrete trade and investment outcomes of practical value to stakeholders.

In 2015, the Philippines hosted APEC and focused its theme on "Building Inclusive Economies, Building a Better World." It pursued this vision through four priority areas: enhancing regional economic integration; fostering micro, small and medium enterprises' (MSMEs) participation in regional and global markets; investing in human capital development; and building sustainable and resilient communities. The United States worked with the Philippines to advance important policy objectives, particularly in the area of enhancing regional economic integration.

APEC Leaders and Ministers in their meetings in Manila on November 18-19 agreed to a number of outcomes for 2015 to promote regional economic integration by preventing trade barriers, creating more transparent and open regulatory cultures, and reducing trade costs by making supply chains more efficient. The activities below describe the key outcomes that advance the U.S. trade and investment agenda in the region.

According to the APEC Secretariat, the 21 member economies collectively account for approximately 40 percent of the world's population, approximately 57 percent of world GDP and about 45 percent of world trade (if intra-EU trade is included in world trade, or 59 percent if intra-EU trade is excluded). In 2015, United States-APEC total trade in goods was $2.5 trillion. Total trade in services was $418 billion in 2014 (latest data available). The significant volume of U.S. trade in the Asia-Pacific region underscores the importance of the region as a market for U.S. exports.

*2015 Activities*

Promoting Trade in Environmental Goods and Services: To ensure full implementation of APEC's groundbreaking 2011 commitment to reduce tariffs on environmental goods to five percent or less by the end of 2015, economies submitted their final tariff reduction implementation plans by the APEC Leaders meeting in November 2015. These implementation plans have been published in early 2016 indicating how

APEC economies met that commitment. APEC also agreed to launch a new initiative on addressing barriers to trade in environment services. Finally, in May 2015, the Public-Private Partnership on Environmental Goods and Services (PPEGS) held its second meeting in Boracay, Philippines, in which representatives from APEC governments and the private sector convened to discuss ways that non-tariff barriers (NTBs) to trade in environmental goods and services have been successfully addressed in the APEC region. The United States seeks to use the successes highlighted at this meeting to inform future work in APEC on NTBs in the EGS sector.

Services and Digital Trade: APEC economies adopted the APEC Services Cooperation Framework that will focus APEC work in the field of services. In 2016, APEC economies are tasked with developing a strategic and long-term APEC Services Competitiveness Roadmap which will set targets to be achieved by 2025. In the area of digital trade, APEC supported a U.S.-led initiative to examine the facilitation of digital trade as a next generation trade and investment issue. In 2016, APEC will conduct a thorough review of the issue with the objective of identifying this area of trade as important for the advancement of regional economic integration.

Localization Barriers to Trade: Based on a proposal from the United States, APEC held a Trade Policy Dialogue on how the 2013 APEC Best Practices to Create Jobs and Increase Competitiveness could also apply to localization policies. The United States intends to build on this outcome in 2016 to discourage economies from adopting localization policies.

Supply Chain Connectivity and Performance: In 2015, APEC economies made progress toward meeting the APEC-wide target of achieving a 10 percent improvement in supply chain performance in connection with the Supply Chain Connectivity Framework Action Plan (SCFAP). A final assessment of the SCFAP will be completed in 2016. In addition, APEC continued its work by:

(1) engaging in targeted capacity building in individual economies to improve supply chain performance and implement the WTO Trade Facilitation Agreement;

(2) holding the third APEC Alliance for Supply Chain Connectivity (A2C2), a public-private group that focuses on helping with this capacity building; and

(3) advancing the assessment by the Policy Support Unit (PSU) of APEC economies' progress toward the APEC-wide target of improving supply chain performance.

APEC's supply chain work will make it significantly cheaper, easier, and faster for businesses to trade in the region. In 2015, progress was made on five projects in the Capacity Building Plan to Improve Supply Chain Performance (pre-arrival processing, advance rulings, expedited shipments, release of goods and electronic payments).

Trade Secrets: APEC economies recognized the importance of trade secrets protection and enforcement to innovation, foreign direct investment, and the commercialization of research and development. APEC will continue to advance work on adopting Best Practices in Trade Secret Protection and Enforcement at the earliest possible time.

Advancing Regulatory Cooperation – Electric Vehicles and Advertising Standards: To promote the widespread use of environmentally friendly, technologically advanced electric vehicles, APEC economies adopted a U.S. proposal for the development of the APEC Roadmap for Electric Vehicles. Implementation of this Roadmap should encourage greater electric vehicle production and use - and greater trade and investment opportunities - while advancing APEC's green growth, connectivity, and regional economic

integration objectives. APEC economies also adopted a U.S.-led proposal on the Principles for Government's Role in Promoting Effective Advertising Standards, which will assist in stimulating economic growth and cross-border trade through the promotion of competition, consumer demand, and brand awareness.

Regulatory Transparency: In 2015, APEC economies continued to build on earlier work related to good regulatory practices (GRP), including regulatory transparency. Working with the Subcommittee on Standards and Conformance, the Philippines organized the 8th Conference on Good Regulatory Practices, which included panels on regulatory review, the use of a single online portal, and the challenges faced by SMEs. Noting the importance of these conferences, APEC Ministers asked that they be held annually. As a result, the Economic Committee will organize the next GRP conference in 2016. APEC will also conduct an update of the 2011 survey of GRP in the APEC region and will present the results in 2016. The Food Safety Cooperation Forum Partnership Training Institute Network, which strengthens capacity in food safety, held a workshop on effective cooperation between the food industry and regulators. The Wine Regulatory Forum developed a model wine export certificate and established a new working group on GRP. Various APEC bodies organized additional events on GRP that took place in 2015. For example, the Economic Committee organized a conference on international regulatory cooperation and a workshop on regulatory impact assessment. The United States also staged a workshop on automotive regulations on the margins of the Automotive Dialogue.

Free Trade Area of the Asia-Pacific (FTAAP): In 2015, APEC agreed to the terms of reference and editing mechanism for a study on issues related to the eventual realization of the FTAAP; work plans for the chapters for this study were also created by APEC economies responsible for their respective chapters. The study will take into account recent developments in the region related to FTAs, including the recent conclusion of the Trans-Pacific Partnership negotiations, which APEC Leaders have recognized as one of the ongoing regional undertakings that could serve as a potential pathway to an FTAAP. This study does not change the 2010 APEC Leaders' decision that any possible FTAAP would occur outside of APEC.

Supporting the Multilateral Trading System and the World Trade Organization: APEC Leaders in November 2015 reaffirmed the value, centrality, and primacy of the multilateral trade system under the auspices of the WTO. APEC economies reiterated their commitment to strengthening the rules-based, transparent, non-discriminatory, open, and inclusive multilateral trading system. APEC Leaders expressed their commitment to working toward a successful Nairobi WTO Ministerial Meeting, including on an outcome that provides clear guidance to post-Nairobi work. APEC Leaders also reaffirmed their commitment to roll back protectionist and trade distorting measures and extended their standstill commitment to refrain from protectionist measures, including not raising new barriers to investment or to trade in goods and services, imposing new export restrictions, or implementing WTO consistent measures, through 2018.

## 4. China, Hong Kong, Taiwan, and Mongolia

### China

See 2015 USTR Report to Congress on China's WTO Compliance: https://ustr.gov/sites/default/files/2015-Report-to-Congress-China-WTO-Compliance.pdf

### U.S.-Hong Kong Trade Relations

The United States continued its efforts to expand trade with Hong Kong, a Special Administrative Region of the People's Republic of China. Following a partial market expansion for beef exports to Hong Kong in 2013 and the World Organization for Animal Health's upgrade of the U.S. risk classification for bovine

spongiform encephalopathy to negligible risk, Hong Kong opened its market fully to all U.S. beef and beef products in 2014.

**U.S.-Taiwan Trade Relations**

The United States-Taiwan Trade and Investment Framework Agreement (TIFA) Council held under the auspices of the American Institute in Taiwan (AIT) and the Taipei Economic and Cultural Representative Office in the United States (TECRO) is the key forum for both economies to resolve and make progress on a wide range of issues affecting the U.S.-Taiwan trade and investment relationship. The 2015 TIFA Council meeting, co-chaired by Deputy U.S. Trade Representative Ambassador Robert Holleyman and Taiwan Deputy Minister of Economic Affairs Cho Shih-Chao, was held on October 1, 2015 in Taipei, Taiwan. Prior to the October TIFA Council meeting, authorities from both sides convened meetings of the Investment Working Group and Technical Barriers to Trade (TBT) Working Group established at the 2013 TIFA and held numerous expert level discussions on issues including intellectual property rights, agriculture, medical devices, and pharmaceuticals.

In 2015, the TIFA process yielded important concrete results for U.S. stakeholders. The United States welcomed efforts by Taiwan authorities to follow through on the 2014 TIFA commitments related to intellectual property rights (IPR), pharmaceuticals, registration of chemical substances, and offshore data centers for financial institutions. At the 2015 TIFA Council Meeting, additional progress was made on improving the protection and enforcement of intellectual property in Taiwan. For example, Taiwan committed to increase human and financial resources for its IPR enforcement authorities, took steps to address piracy occurring in and around university campuses, and took steps to foster innovation in the pharmaceutical sector. The TIFA also provided a platform for both sides to deepen exchanges and cooperation in the area of protecting and enforcing against trade secret theft and to exchange views on pending revisions to Taiwan's Copyright Act.

Furthermore, at the 2015 TIFA Council meeting, the United States and Taiwan held in-depth discussions on a range of agricultural issues and agreed that more needed to be done to secure meaningful progress. In addition, both the United States and Taiwan recognized the need for further engagement on improving the time-to-market of medical devices, including streamlining regulatory approvals. The TBT Working Group also made important progress on reducing regulatory obstacles in the chemical registration process.

The United States hopes to build upon this progress in 2016 by ensuring full and timely implementation of past TIFA commitments and achieving concrete progress on remaining issues. The United States continues to express serious concerns about Taiwan's agricultural policies that are not based upon science. Removing Taiwan's bans on U.S. pork and certain beef products produced using ractopamine, as well as continued barriers to U.S. beef offal products, are priorities. Other key areas of focus include Taiwan's rice procurement systems, biotechnology labeling, and barriers to U.S. certified organic products in Taiwan.

The United States will continue to work to address and resolve the broad range of trade and investment issues important to U.S. stakeholders through engagement under the TIFA framework as well as through multilateral fora such as the WTO. In addition to agricultural issues, the United States will continue to engage with IPR officials as Taiwan revises its Copyright Act and works to ensure transparency and predictability in pharmaceutical and medical device pricing and reimbursement. The United States will continue to utilize the Investment Working Group for dialogue with Taiwan authorities to address a robust set of priority investment issues to improve Taiwan's investment climate, and also continue to conduct exchanges under the TBT Working Group to ensure that technical regulations do not create excessive burdens for the industries that they affect, such as chemicals, cosmetics, and consumer products.

### U.S.-Mongolia Trade Relations

The United States and Mongolia renewed their engagement under the U.S.-Mongolia Trade and Investment Framework Agreement (TIFA) in 2015, holding a meeting in Ulaanbaatar on May 18, co-chaired by Deputy USTR Robert Holleyman and Mongolian Vice Minister of Foreign Affairs Oyundari. This 5th TIFA meeting was the first one since the two sides launched negotiations over a bilateral agreement on transparency in matters relating to trade and investment in 2009. The two sides reviewed Mongolia's ongoing efforts to make the legal changes necessary for their bilateral transparency agreement, signed by the two sides in 2013 and ratified by the Mongolian Parliament in 2014, to enter into force. The TIFA meeting also provided the opportunity to discuss recent changes to Mongolia's investment and mining laws aimed at encouraging more foreign investment into Mongolia as well as a range of investor concerns about Mongolia's investment climate.

## 5. Southeast Asia and the Pacific

### Free Trade Agreements

The United States continued to monitor and enforce its FTAs with Singapore and Australia, which have led to significant increases in U.S. goods and services exports to both countries (*See Chapter III.A. for additional information*).

### Trans-Pacific Partnership

The United States completed negotiation of the TPP agreement in October 2015, following more than five years of negotiations, including many plurilateral and bilateral meetings in 2015. In addition to the United States, TPP includes 11 other Asia-Pacific countries (Australia, Brunei Darussalam, Canada, Chile, Japan, Malaysia, Mexico, New Zealand, Peru, Singapore, and Vietnam), representing 40 percent of the global economy and 3 of the United States' 4 top trading partners. By cutting more than 18,000 border taxes on U.S. exports, TPP will level the playing field for American workers and businesses, promoting U.S. exports and supporting higher-paying jobs in the United States. TPP will deepen U.S. ties with Asia-Pacific, helping U.S. farmers, ranchers, manufacturers, service suppliers, and small businesses compete in some of the fastest growing markets in the world.

The TPP Agreement provides comprehensive market access, covering the industrial, agricultural goods, and textiles and apparel. It also provides new and improved access to TPP markets for services, financial services, and investment, as well as government procurement, and new approaches for dealing with nontariff barriers. With respect to rules governing trade under TPP, TPP builds on previous agreements to include high standard commitments in all areas. It also addresses new and emerging issues related to digital trade, intellectual property, state-owned enterprises, transparency, anticorruption, environment, and labor. In addition, TPP contains chapters addressing cross-cutting issues to ensure that the benefits of TPP are shared as widely as possible in each TPP economy, including to help small and medium sized enterprises participate more actively in TPP trade; promote good regulatory practices; enhance competitiveness and the development of regional production and distribution chains; and promote development.

Throughout 2015, the Administration continued to consult closely with the U.S. Congress and stakeholders on the TPP negotiations, including on the outcomes of the agreement after it was concluded. On November 5, the TPP text was released publicly. At the same time, the President notified the U.S. Congress of the Administration's intent to sign the TPP agreement, following the 90 day period set forth in the Bipartisan Congressional Trade Priorities and Accountability Act of 2015 (TPA). The Administration worked collaboratively with the U.S. Congress and consulted with stakeholders as it prepared the agreement for

signature (which occurred on Feb. 4, 2016) and worked to complete additional steps laid out in TPA, and consulted with Congressional leadership to prepare the agreement for Congressional consideration as soon as possible.

In November 2015, President Obama and the Leaders from the other 11 TPP countries met in Manila, Philippines on the margins of the APEC Leaders' Meeting. They welcomed the conclusion of the negotiations, which they said had successfully achieved the ambitious objectives they had set for the agreement. They also discussed their domestic review and approval processes, and underscored their interest in fully implementing the agreement as swiftly as possible so that their consumers, workers, farmers, and businesses of all sizes can begin to realize the agreement's shared benefits. While the focus of the United States and its TPP partners is on approval and implementation of the TPP, a number of economies throughout the region have expressed interest in joining the agreement. This interest affirms that through TPP, the United States and its partners are creating a new model for high standard trade in one of the world's fastest growing and most dynamic regions.

**Managing U.S.-Southeast Asia and Pacific Trade Relations**

In 2015, the United States continued seeking to further deepen economic relations with ASEAN countries, both bilaterally and as a group, under a network of Trade and Investment Framework Agreements (TIFAs) that the United States has concluded. The United States used these mechanisms to discuss initiatives to strengthen trade and investment ties and address bilateral trade issues. For example, based on discussions under the United States-Indonesia bilateral TIFA, Indonesia agreed to include measures of specific interest to the United States in its economic reform packages. The United States and Indonesia also launched an insurance dialogue and conducted a first meeting in November 2015.

The United States used these TIFA and bilateral meetings to work with our trading partners in the region to monitor implementation of their WTO commitments. For example, the U.S. Government continued to work with Laos to support its implementation of its WTO accession commitments and commitments under the United States-Laos Bilateral Trade Agreement.

U.S. TIFA and other bilateral meetings also provided opportunities to coordinate on capacity building and economic assistance projects, including on labor rights and protections in Vietnam and Malaysia. We also continued work on our joint Initiative to Promote Fundamental Labor Rights and Practices together with Burma, Japan, the EU, Denmark, and the International Labor Organization. In November 2015, the United States closed the Generalized System of Preferences (GSP) review of workers' rights in the Philippines based on progress in addressing those concerns, including through reforms of labor laws and regulations, while it accepted a GSP petition to review workers' rights practices in Thailand.

In addition, the U.S. Government used TIFA and bilateral meetings with ASEAN members to provide updates to interested ASEAN countries on the TPP Agreement and discussed their interest in potentially joining the initiative. The United States also continued to use these meetings to coordinate and advance ASEAN, APEC, and WTO initiatives, including the Environmental Goods Agreement, Trade Facilitation Agreement, expansion of the Information Technology Agreement, as well as work under the ASEAN-U.S. TIFA (*See below*).

**Expanded Economic Engagement/U.S.-ASEAN Trade and Investment Framework Arrangement**

In addition to bilateral dialogues, the United States engaged with ASEAN under the United States-ASEAN TIFA and the ASEAN-United States Expanded Economic Engagement (E3) initiative. The United States continues to pursue several initiatives to expand and deepen economic engagement with the fast growing ASEAN countries, which collectively represent the fourth largest U.S. trading partner in the world, and

have a combined GDP of $2.5 trillion. The United States held several high level meetings with ASEAN in 2015 to advance initiatives under E3 and the U.S.-ASEAN TIFA, including in the areas of environment, transparency, investment, information and communications technology, trade facilitation, small and medium sized enterprise development, and the expansion of cooperative work on standards development and practices, including on technical barriers to trade and good regulatory practices. In November 2015, the United States and ASEAN organized a workshop on illegal, unreported and unregulated fishing under the U.S.-ASEAN Trade and Environment Dialogue.

## 6. Sub-Saharan Africa

### Overview

In 2015, the United States renewed its commitment to expanding its longstanding partnership with sub-Saharan Africa. On June 29, 2015, President Obama signed into law the Trade Preferences Extension Act of 2015 (TPEA), which renewed the African Growth and Opportunity Act (AGOA) through 2025, the longest extension in AGOA's history (*See Chapter V.B.8*).

During July 24-26, President Obama traveled to Kenya and Ethiopia – the fourth trip to Africa during his Presidency – meeting with leaders from the African governments, business, and civil society to reinforce the U.S. commitment to accelerate economic growth, strengthen democratic institutions, and improve security. While in Kenya, the President participated in the Global Entrepreneurship Summit (GES), a White House initiative to foster entrepreneurship around the world. The GES in Kenya was the first to take place in sub-Saharan Africa.

On August 24-27, USTR also chaired the annual AGOA Ministerial Forum in Gabon (*for more information on AGOA, see Chapter V.B.8c*). During the Forum, Ambassador Froman announced the launch of a strategic review to begin to define the contours of a deeper and more sustainable U.S.-Africa trade and investment partnership going beyond one-way preferences. USTR conducted extensive outreach with stakeholders in 2015 pursuant to this mandate, with the aim of reporting on the outcomes of the review in a report to Congress in June 2016.

Further, throughout the year, USTR maintained an active program to promote U.S. trade and investment interests across sub-Saharan Africa through a range of events and initiatives, including the U.S.-East African Community (EAC) Trade and Investment Partnership, expansion of the Trade Africa initiative, meetings under TIFAs with certain African countries and regional economic communities, and engagement at the AGOA Forum.

### Trade Africa/U.S.-EAC Trade and Investment Partnership

While on a landmark visit to sub-Saharan Africa in the summer of 2013, President Obama announced the Trade Africa initiative, which is a partnership between the United States and sub-Saharan Africa that seeks to increase regional trade within Africa and expand trade and economic ties between Africa and the United States. Trade Africa initially focused on the Partner States of the East African Community (EAC) – Burundi, Kenya, Rwanda, Tanzania, and Uganda.

On February 26, 2015, Ambassador Froman and Trade Ministers from each of the five EAC Partner States marked a milestone for Trade Africa by signing a Cooperation Agreement Among the Partner States of the East African Community and the United States of America on trade facilitation, sanitary and phytosanitary measures, and technical barriers to trade. The Agreement will increase trade-related capacity building in these key areas in EAC countries and deepen economic ties between the United States and the EAC.

The United States and EAC also discussed the possibility of negotiating a U.S.-EAC investment treaty to contribute to a more attractive investment environment in East Africa; facilitating U.S.-EAC private sector engagement under the United States-EAC Commercial Dialogue; transforming the East Africa Trade Hub into the East African Trade and Investment Hub to provide additional information, advisory services, and risk mitigation and financing to investors and exporters; and continuing to provide trade capacity building support to the EAC Secretariat and Partner States through a variety of mechanisms.

Total two-way goods trade between the United States and the EAC was $2.0 billion in 2015, with $1.2 billion in U.S. goods exports, and U.S. goods imports totaling $788 million. Kenya was by far the United States' top trading partner within the EAC, with two-way goods trade totaling $1.5 billion, followed by Tanzania with $276 million, Uganda with $154 million, Rwanda with $60 million, and Burundi with $14 million. Top U.S. exports to EAC countries were aircraft, machinery, and electrical machinery. Top U.S. imports included apparel, coffee, macadamia nuts, ores, and semi-precious stones.

**Trade Africa Expansion**

USTR and other agencies working under the auspices of the Steering Group on Africa Trade and Investment Capacity Building which was established by President Obama in 2014, expanded the Trade Africa initiative beyond the EAC. In the course of this engagement, Cote d'Ivoire, Ghana, Mozambique, Senegal, and Zambia joined the partnership. The United States also committed to provide technical support on trade matters to the Commission of the Economic Community of West African States (ECOWAS). USTR and other agencies then worked to identify activities to improve the new Trade Africa partners' compliance with WTO rules on trade facilitation, sanitary and phytosanitary measures, and technical barriers to trade; foster an improved business climate that supports broad-based economic growth; and address capacity issues that constrain trade.

**U.S.-South Africa Trade and Investment Framework Agreement**

On April 15, 2015, Ambassador Froman hosted the second meeting of the amended United States-South Africa TIFA that was signed on June 18, 2012 (the amended TIFA replaced an original TIFA signed on February 18, 1999).[30] Discussions focused on improving market access and eliminating barriers to U.S. agricultural goods, improving South Africa's business climate and investment policies, and protecting intellectual property rights. Ambassador Froman led the U.S. delegation; Minister of Trade and Industry Rob Davies led the South African delegation.

**U.S.-ECOWAS Trade and Investment Framework Agreement**

On August 27, 2015, Ambassador Froman and ECOWAS officials held the inaugural meeting of the United States-ECOWAS Trade and Investment Framework Agreement (TIFA) Council. Among the topics discussed were progress on reducing trade barriers within ECOWAS, deepening U.S.-ECOWAS trade, and the status of the West Africa-European Union Economic Partnership Agreement.

[30] The 1999 TIFA was effectively put on hold, by mutual consent, once the United States-Southern African Customs Union (SACU) free trade agreement (FTA) negotiations began in 2002 and ended unsuccessfully in 2006. In 2010, both sides agreed to revitalize and renegotiate the TIFA to allow for sustained discussions and cooperation on key bilateral issues of interest. Modifications to the TIFA included updating the text, making procedural-related changes, and including provisions on corruption, labor, and the environment.

# 7. South and Central Asia

## India

Increasing trade and investment between the United States and India is critical to enhancing the dynamism of this important economic relationship. Two-way U.S.-India trade in goods and services in 1980 was only $4.8 billion; it has grown to an estimated $106 billion in 2015. Although existing Indian trade and regulatory policies have inhibited an even more robust trade and investment relationship, India's economic growth and development could support significantly more U.S. exports in the future. In particular, the Modi-led government has indicated that market-based, pro-trade domestic reforms will be forthcoming, and India's planned reform of its goods and services tax could help create a common internal market that significantly lowers transaction costs. Additionally, a roll-back of local content requirements could help create a more level playing field for U.S. manufacturers, and a new intellectual property policy could protect U.S. innovations.

In 2016, the United States will press India to make meaningful progress in relation to these ambitious goals. Among other actions, we will follow through with work plans agreed to during the October 2015 U.S.-India Trade Policy Forum (TPF), which will include convening digital video conferences and in-person meetings on intellectual property rights, and promoting investment in manufacturing, agriculture, and trade in services and trade in goods. This regularized engagement will provide an opportunity to achieve meaningful results on a wide range of trade and investment issues, and allow the United States and India to partner on issues of mutual interest in advance of the 2016 TPF. To enable U.S. investors to do business with greater certainty and predictability in India, we will also continue to assess prospects for moving forward with discussions on a high standard bilateral investment treaty (BIT).

## Contributing to Regional Stability

In 2015, in support of U.S. national security objectives in Afghanistan, Pakistan, Iraq, and around the region, USTR strengthened engagement with South and Central Asia as part of a broader effort to boost trade, trade-fostering investment, employment, and sustainable development. Working with other U.S. agencies, USTR participated in bilateral and other high-level meetings with officials from Afghanistan, Pakistan, and Iraq. Key highlights from 2015 include the following:

- USTR continued its work with Afghanistan to reform its legal and regulatory regime related to trade and investment to provide a pathway to a more stable and growing economy. Under the United States-Afghanistan Trade and Investment Framework Agreement (TIFA), both sides focused on efforts on improving trade and investment flows, as well as continuing to assist Afghanistan in acceding to the World Trade Organization (WTO), a milestone that was achieved late in the year.

- USTR worked with Iraq to identify ways to address the critical revenue shortfall caused by low oil prices and the fight against ISIS. Working with U.S. Customs and Border Protection, USTR advised Iraqi officials on revamping Iraq's customs procedures, an undertaking that is expected to increase revenues by $2 billion annually. Other discussions focused on boosting USTR's cooperation with Iraqi sub-central governments such as Kurdistan and Basra, WTO accession, establishment of dispute resolution procedures, and the use of international standards in agriculture and government procurement. USTR continues to review Iraq's eligibility for the GSP in response to a petition from the AFL-CIO that alleges violations of internationally recognized worker rights. During 2015, Iraq convened government/employers/worker discussions aimed at amending its 1987 Saddam-era labor code, and succeeded in passing important reforms, supported by

stakeholders, that directly address a number of the chief complaints in the GSP/worker rights petition.

- During Pakistan Prime Minister Nawaz Sharif's October 2015 visit to the United States, USTR unveiled an Augmented Joint Action Plan to Increase Trade and Investment that is to be implemented over the next five years. Among other initiatives, in 2016, Pakistan and the United States will intensify engagement on trade and investment issues by bringing together U.S. and Pakistani companies, focusing on addressing intellectual property protection issues as identified in the Special 301 Report, reviewing needed legal and regulatory reforms, improving worker rights, addressing investment climate issues, and conducting outreach to the private sector in Pakistan to promote a better understanding of the U.S. GSP program.

- With USTR, the USAID Missions in Afghanistan and Pakistan, and Central Asia have developed and supported implementation of cross-border trade agreements throughout the region, including the Afghanistan Pakistan Transit Trade Agreement (APTTA) and the South Asian Free Trade Area (SAFTA) Agreement. Border crossing procedures have been streamlined with joint training and collaboration. Afghanistan's recent accession to the WTO will provide an impetus to efforts to foster improved transit trade and regional connectivity. Such efforts will form the pillar of our work for 2016.

**Supporting Workers' Rights in Bangladesh**

Following the 2013 suspension of Bangladesh's GSP benefits based on shortcomings related to workers' rights, USTR dedicated significant time in 2014 and 2015 to work with the government of Bangladesh and other stakeholders to monitor Bangladesh's progress in addressing U.S. concerns. In September 2015, USTR led a senior delegation to Bangladesh to assess the status of efforts to address workers' rights and workers' safety issues. Although Bangladesh has made some progress on these issues, especially with respect to workplace safety, more progress is necessary before GSP benefits can be restored, particularly with respect to rights of association, union registration, and the protection of labor leaders from violent reprisals. USTR will continue to work with all stakeholders in 2016 to encourage additional progress on workers' rights and workers' safety issues.

In November 2015, the United States and Bangladesh met under the United States-Bangladesh Trade and Investment Cooperation Forum Agreement (TICFA). The TICFA provides a mechanism for both governments to discuss trade and investment issues and areas of cooperation, and provides an additional means for the U.S. Government to exchange views on Bangladeshi efforts to improve workers' safety and workers' rights.

For 2016, USTR plans to continue its efforts to promote stronger respect for workers' rights in Bangladesh. The U.S. Department of State, the U.S. Department of Labor, and USAID continue to implement technical assistance projects aimed at addressing the concerns that led to the withdrawal of GSP. USTR continues to coordinate its efforts with the Government of Bangladesh, the European Union, the International Labour Organization (ILO), and multi-stakeholder initiatives, such as the Alliance for Bangladesh Worker Safety and the Bangladesh Accord on Fire and Building Safety. A planned meeting of the Bangladesh Sustainability Compact, which includes the European Union, the Bangladesh government, the U.S. Government, and the ILO, will be one focus of bilateral efforts, along with an envisioned meeting of the U.S.-Bangladesh TICFA Council later in 2016 in Bangladesh.

**Communicating the Importance of Ensuring Women's Economic Empowerment through Trade and Investment Agreements in Central and South Asia**

In 2015, the United States continued to work with partner governments in the region, the private sector, think tanks, the media, and U.S. Embassies to effectively explain the economic importance of empowering women entrepreneurs and business owners to better take advantage of trade and investment opportunities. USTR worked to fully implement the 2014 Memoranda of Understanding (MOU) with the governments of Pakistan and Kazakhstan on Women's Economic Empowerment, and initiated discussions with a number of other South Asian countries on negotiating similar MOUs. In 2016, we aim to complete an MOU with at least one additional South Asian trading partner.

**Advancing U.S. Engagement with Central Asia**

USTR's longstanding support for WTO membership for the central Asian countries helped facilitate Kazakhstan attaining WTO membership in 2015. Support for WTO accession of Uzbekistan and Turkmenistan continued. For 2016, USTR plans to increase activities aimed at advancing accession for these two countries. Also, the United States-Central Asia TIFA Council meeting will convene in Bishkek, Kyrgyzstan, with the five Central Asian countries – Kazakhstan, Uzbekistan, Kyrgyzstan, Turkmenistan, and Tajikistan – as Members, plus Afghanistan as an Observer. This TIFA Council meeting will focus on actions to boost regional economic cooperation and connectivity; customs issues; women's economic empowerment; energy trade; and, country-specific trade/investment issues, via Bilateral Working Group consultations with each of the TIFA Parties.

**Improving Trade and Investment Relations with Sri Lanka, Nepal, and the Maldives**

In late 2014, Sri Lankan voters elected a reform-minded government focused on human rights and accountability for actions during Sri Lanka's long war against Tamil insurgents. This development has enhanced U.S.-Sri Lankan relations. USTR has responded by developing a new mechanism for promoting bilateral trade and investment—a Joint Action Plan to Boost Bilateral Trade and Investment (JAPTI). The JAPTI sets out a roadmap that could double U.S.-Sri Lanka trade and FDI flows over the next five years by targeting the laws, regulations, and practices that have hindered Sri Lankan external trade and investment. In 2016, USTR plans to finalize and launch the JAPTI as part of the United States-Sri Lanka TIFA to be held in April in Washington.

As a follow-up to the first ever TIFA meeting with the Maldives in 2014, USTR continued to monitor efforts to improve workers' rights in the Maldives, including through U.S. Department of Labor technical assistance. USTR also continued discussions aimed at implementing best strategies to increase bilateral trade and investment in the country's fishing and tourism industries. For 2016, USTR is aiming for a follow-up TIFA council meeting in the Maldives.

Nepal has struggled under successive interim governments and is still recovering from a devastating earthquake that struck the country in 2015. In this environment, trade and investment can play a major role in helping Nepal recover and develop its economy. Nepal made helpful strides in late 2015. In October, Nepal submitted its Category A notification under the WTO Trade Facilitation Agreement to the WTO, and in November, it issued a new foreign trade policy. The United States will continue to work with Nepal in 2016 to help aid its recovery and to deepen bilateral trade engagement.

# IV. OTHER TRADE ACTIVITIES

## A. Trade and the Environment

Over the course of 2015, the Administration achieved significant results on trade and environment matters in multiple fora, including through multilateral, regional, and bilateral trade initiatives. The Administration successfully concluded negotiations on a TPP Environment Chapter that includes the most comprehensive environmental commitments the United States has ever negotiated in a trade agreement. The TPP represents a significant opportunity to address pressing environmental issues in the Asia-Pacific region, including such conservation challenges as wildlife trafficking, illegal logging, and illegal, unreported, and unregulated fishing. The chapter also includes first-ever commitments to prohibit some of the most harmful fisheries subsidies, including those that negatively affect overfished fish stocks.

In the WTO, the United States and 16 other WTO Members made significant progress in advancing the Environmental Goods Agreement (EGA) negotiations, aimed at eliminating tariffs on environmental technologies such as wind turbines, water treatment filters, and solar water heaters.

The Administration also continued to prioritize implementation of the free trade agreements (FTAs) currently in force, including working closely with the government of Peru to implement a bilateral action plan to advance forest sector reforms and combat illegal logging, and to establish an independent Secretariat to review stakeholder submissions regarding Peru's enforcement of its environmental laws.

USTR also contributed significantly to implementation of the President's *National Strategy to Combat Wildlife Trafficking* and the President's *Action Plan to Combat Illegal, Unreported, and Unregulated (IUU) Fishing and Seafood Fraud.* This section reflects the Obama Administration's increased integration of environmental considerations across various multilateral, regional, and bilateral fora.

### 1. Multilateral and Regional Fora

**Regional Engagement**

In APEC, the United States continued its leadership role in promoting mutually supportive trade and environmental objectives. Pursuant to APEC Leaders' 2011 commitment to reduce applied tariffs on a list of 54 environmental goods to 5 percent or less by the end of 2015, over 300 tariff lines were cut across the region, making environmental technology solutions cheaper than ever before. These tariff cuts on technologies such as wind turbines and solar water heaters impact approximately $2 billion in U.S. exports - unlocking opportunities for U.S. green technology exporters while improving access to the technologies that the United States and other countries need to protect the environment. Building on this success, in May 2015, the Public-Private Partnership on Environmental Goods and Services (PPEGS) held its second meeting in Boracay, Philippines, in which representatives from APEC governments and the private sector convened to discuss ways that nontariff barriers to trade in environmental goods and services have been successfully addressed in the APEC region. The United States will seek to build on the outputs of this meeting in 2016 by advancing work to address barriers to trade and investment in sustainable materials management solutions.

The APEC Experts Group on Illegal Logging and Associated Trade (EGILAT) continued its work to combat illegal logging in the region, including through endorsement of a Common Understanding of the Scope of Illegal Logging and Associated Trade, as well as a Timber Legality Guidance Template put forward by the United States that will help to advance regional transparency in the laws and regulations

governing trade in timber products. The APEC Oceans and Fisheries Working Group continued its work to encourage transparency in fisheries subsidies, including by updating a 2000 study on APEC economies' fisheries subsidies programs.

**WTO and Other Multilateral Engagement**

As described in more detail in Chapter II of this report, the United States has continued to explore fresh and innovative approaches to all aspects of the WTO's trade and environment work. At the WTO Ministerial Conference in Nairobi, the United States joined more than 25 other WTO Members in issuing a Joint Ministerial Statement on Fisheries Subsidies that expressed support for reinvigorating work in the WTO to strengthen disciplines on fisheries subsidies and enhance transparency of subsidy programs. The Administration also has sought to orient activities in the OECD Joint Working Party on Trade and Environment to support ongoing WTO work and to develop strong analytical research on the synergies between trade and clean energy policies.

In addition, in 2015, the United States and the 16 other WTO Members participating in the EGA negotiations made significant progress over the course of eight negotiating rounds to develop a list of environmental technologies that will be subject to tariff elimination. Once finalized, the EGA will eliminate tariffs on a broad range of environmental technologies, expanding on APEC Leaders' commitment to reduce applied tariffs on a list of 54 environmental goods to 5 percent or less by the end of 2015. Global trade in environmental goods is estimated at nearly $1 trillion annually, and some WTO Members charge tariffs as high as 35 percent on these goods. The United States exported $130 billion of environmental goods in 2015, and U.S. exports of environmental goods have been growing at an annual rate of 4 percent since 2010. By eliminating tariffs on these products, the United States can improve access to the technologies that the United States and other countries need to protect the environment, while unlocking opportunities for U.S. exporters and spurring innovation in green technologies. In addition to the United States, 16 other countries – Australia, Canada, China, Costa Rica, the European Union, Hong Kong, Iceland, Israel, Japan, Korea, New Zealand, Norway, Singapore, Switzerland, Chinese Taipei, and Turkey – are participating in the EGA negotiations. The United States will continue to work with EGA participants in 2016 with the aim of concluding a commercially significant and environmentally credible agreement.

In 2015, USTR was actively engaged in the negotiations and the implementation of a number of MEAs, including: the Convention on International Trade in Endangered Species of Wild Fauna and Flora, the International Convention for the Conservation of Atlantic Tunas, International Maritime Organization conventions, the Montreal Protocol on Substances that Deplete the Ozone Layer, the Basel Convention on the Control of Trans-boundary Movements of Hazardous Wastes and their Disposal, Strategic Approach to International Chemicals Management, the Stockholm Convention on Persistent Organic Pollutants, the United National Framework Convention on Climate Change, the Minamata Convention on Mercury, and the Rotterdam Convention on the Prior Informed Consent Procedure for Certain Hazardous Chemicals and Pesticides in International Trade. USTR is also actively engaged in U.S. fisheries policy development, regional fisheries management organizations, and the International Tropical Timber Organization.

## 2. Bilateral and Regional Activities

As described below and in Chapter III.B of this report, USTR realized concrete achievements supporting green growth and trade during 2015, which included the completion of negotiations on the TPP Environment Chapter, as well as monitoring and implementation of the environmental provisions of existing FTAs. USTR continued to convene meetings of the TPSC Subcommittee on FTA Environment Chapter Monitoring and Implementation to consider actions taken by U.S. FTA partners, in accordance with the Subcommittee's plan for monitoring implementation of FTA environment chapter obligations.

The monitoring plan forms part of the Administration's ongoing efforts to ensure that U.S. trading partners comply with their FTA environmental obligations. The Administration will be building on these monitoring efforts to develop an enhanced whole-of-government implementation and monitoring plan for the recently concluded TPP agreement.

**TPP Negotiations**

Working with interagency partners, USTR successfully concluded negotiations on the landmark TPP Environment Chapter in 2015. The TPP Environment Chapter includes the most comprehensive environmental commitments the United States has ever negotiated in a trade agreement, including with respect to combating wildlife trafficking and illegal logging and associated trade, promoting sustainable fisheries management, eliminating harmful fisheries subsidies that negatively affect overfished fish stocks or support vessels engaged in illegal fishing, and liberalizing trade in environmental goods and services. The TPP Environment Chapter will strengthen environmental protection throughout the dynamic Asia-Pacific region and set a new high standard for environmental provisions in trade agreements. Likewise, in the T-TIP negotiations, the Administration is seeking ambitious environmental commitments, including commitments relating to the protection and conservation of wildlife, marine fisheries, and forest resources.

**Peru TPA**

With respect to the Peru Trade Promotion Agreement (PTPA), the United States and Peru held multiple meetings with broad participation from a range of government agencies and stakeholders to discuss issues relating to implementation of the Environment Chapter of the PTPA and the Annex on Forest Sector Governance (Forest Annex). This regular engagement provided important opportunities to gather information about new laws, regulations, and policies that Peru is implementing, particularly in the forestry and mining sectors, and gain a better understanding of their environmental impact.

In June 2015, the United States and Peru held senior-level meetings of the Environmental Affairs Council (EAC), the Environmental Cooperation Commission (ECC), and the Subcommittee on Forest Sector Governance in Lima, Peru. United States and Peruvian officials also held a public session to share information and exchange views on implementation of the Chapter and environmental cooperation.

During the EAC, Peru presented information on measures taken to implement its environmental commitments, including the launch of a new Peruvian National Forest and Wildlife Service (SERFOR) in August 2014, and the United States discussed progress in advancing Presidential initiatives to combat wildlife trafficking and illegal and unregulated fishing. The United States and Peru also discussed implementation of certain economic reforms enacted by Peru in 2014 and 2015, and the United States stressed the link between a healthy economy and environmental protection. The United States is continuing to engage closely with Peru to monitor both the forestry and economic reforms' implementation in light of Peru's environmental commitments in the PTPA. During the EAC, the United States and Peru also signed the necessary documents to establish an independent environmental secretariat to receive submissions from the public on effective enforcement of environmental laws. The environmental secretariat will be housed in the Organization of American States in Washington, DC.

The United States and Peru also approved an Environmental Cooperation Agreement Work Program (2015-2018) during the ECC meeting, which lays out a plan for continued support and technical assistance for Peru in the forestry sector. The United States continued to support the development and implementation of an electronic system to verify and track the legal origin and proper chain of custody of timber harvested from Peru's forests, from stump to port. The final system is expected to be implemented in 2016. The United States Forest Service is also supporting the government of Peru in completing inventories of forests designated for timber production. The first phase of inventories were completed in 2015, including data

from approximately 1.5 million hectares in Loreto and 1.2 million hectares in Ucayali. USAID supported the launch of a satellite imagery system and trained environmental prosecutors to use satellite images in their investigations and prosecutions. Additionally, in June 2015, the Department of Justice conducted the second of two training workshops to assist the government of Peru in combating illegal logging pursuant to the Forest Annex and Action Plan. The Fish and Wildlife Service also has posted a regional law enforcement attaché to the Embassy in order to enhance cooperation between the Ministry of Interior and SERFOR.

During the June meeting of the Subcommittee on Forest Sector Governance and in a separate September trip to Lima, the U.S. delegation reviewed Peru's implementation of the Forest Annex. Topics addressed included increased investigations and prosecutions for forestry crimes, enhanced transparency, and actions to strengthen timber legality. The meetings included broad participation by a range of government agencies from the United States and Peru. During these meetings, and throughout 2015, the United States engaged extensively with Peru on its draft regulations to implement its Forestry and Wildlife Law. In September, the final regulations entered into force following extensive consultation with civil society and the endorsement of 52 indigenous and local communities.

**CAFTA-DR**

The United States and other Parties under the Dominican Republic-Central America-United States Free Trade Agreement (CAFTA-DR) continued efforts to advance environmental protection and implement the commitments of the CAFTA-DR Environment Chapter. The officials responsible for trade and environment under CAFTA-DR met and held DVCs in 2015 to discuss priorities for environmental capacity building programming, the implementation of Environment Chapter obligations, and the preparation for senior-level meetings of the Environmental Affairs Council (Council). In July 2015, the Council met in Guatemala City, Guatemala, and Council Members reported on progress made in their countries to implement core commitments of the CAFTA-DR Environment Chapter, including efforts to improve levels of environmental protection, strengthen environmental laws and environmental law enforcement, and promote public participation in environmental decision making. The Council also received an update from the Secretariat for Environmental Matters (Secretariat) and recognized the high number of public submissions as a positive demonstration of increased public participation and environmental awareness. Since 2007, the Secretariat has received 34 submissions regarding effective enforcement of environmental laws. The Secretariat also summarized its outreach activities, including dissemination of information about the submission mechanism to over 3,500 people from non-governmental organizations, academia, the private sector, and governments. The Council received an update from the Organization of American States on progress and accomplishments in environmental protection activities and also received an update on the preparation of the fifth monitoring report on the Environmental Cooperation Program and results of the communications and social outreach plan.

During the Council meetings, Members reviewed accomplishments and next steps in the implementation of environmental cooperation. To date, the United States has invested $87.2 million, and accomplishments include: improving over 203 environmental laws, regulations, or polices; outreach and education to 19.1 million local people through campaigns for public awareness on biodiversity and endangered species conservation; training over 120,000 people in natural resource management and biodiversity conservation; saving nearly $3 million through the application of private sector practices that reduce energy, water consumption, and greenhouse gas emissions; and training over 33,600 people and certifying more than 2,000 farms in sustainable agricultural practices. The Council discussed ongoing and future cooperation related to the enforcement of wildlife protection laws, combating illegal, unreported, and unregulated (IUU) fishing and illegal logging, and promoting public participation in environmental decision making process.

The Council held a public session on July 10, 2015 at the *Universidad del Valle de Guatemala* to share information and exchange views on implementation of the Chapter and the Environmental Cooperation Program. Approximately 150 people from non-governmental and international organizations, the private sector, and academia attended the meeting.

Environment points of contacts from the CAFTA-DR governments met in the Dominican Republic in November 2015, to discuss new environmental cooperation activities including a new interagency agreement with the U.S. Forest Service aimed at reducing the illegal logging of rosewood, and a new program with the Central America Fisheries and Aquaculture Organization (OSPESCA), which improves regional coordination on enforcement of regional regulations to prevent IUU fishing. CAFTA-DR points of contacts additionally started discussing preparations for the next Council meeting, which will take place in the summer of 2016 and will mark the 10th anniversary of the CAFTA-DR Agreement.

**Chile FTA**

In August 2015, the United States and Chile held meetings of the Environmental Affairs Council (EAC) and the Joint Commission on Environmental Cooperation (JCEC). At these meetings, the United States and Chile continued to advance their work to implement the Environment Chapter of the FTA and the associated Environmental Cooperation Agreement. The governments reported on and discussed their progress in implementing obligations under the chapter, including obligations to establish high levels of environmental protection, effectively enforce domestic environmental laws, and provide opportunities for public participation in matters related to the implementation of the chapter.

Chile presented its actions to improve air quality and emissions standards; the adoption of environmental quality standards protecting surface waters; the implementation of tools to combat IUU fishing, and the establishment of requirements for the protection of seamounts. Chile also reported on environmental law enforcement by the Environment Superintendency, as well as on efforts to improve public participation and promote corporate social responsibility.

The two governments also discussed ongoing environmental cooperation activities and adopted an updated environmental cooperation work program for the period 2015-2017, which establishes the following priorities for cooperative activities: strengthening effective implementation and enforcement of environmental laws and regulations; promoting conservation and inclusive management of natural resources, including biodiversity and ecosystem services, protected wild areas, and other ecologically important ecosystems; promoting environmental education, transparency, and civil society participation in environmental decision making and enforcement; and encouraging development of low emissions technology, improving resilience to large-scale disasters, and encouraging the adoption of sound environmental practices and technologies. The officials held a public session in conjunction with the EAC and JCEC meetings.

The United States continued to support environmental cooperation activities in Chile in 2015. For example, the Department of the Interior provided training for judges, prosecutors, and customs officials on the implementation and enforcement of the Convention on International Trade in Endangered Species of Fauna and Flora. The Environmental Protection Agency (EPA) worked with Chilean officials in the Ministries of Mining and Environment on environmental management of existing and planned mines and mine closures, on facilitating public participation in environmental decision making, and on environmental education. EPA also supported the South American Compliance and Enforcement Network and conducted two workshops on strategic environmental enforcement with Chile's Environment Superintendency. The National Parks Service supported the United States-Chile Sister Parks program and trained Chilean park officials on natural resource management. U.S. funding also supported two projects implemented by non-governmental organizations: the World Wildlife Fund worked with artisanal fishers to promote

sustainability of the Chilean Southern Hake fish stock, and the Collaborative Labeling and Standards Program collaborated with the Chilean Ministry of Energy to establish an industry and utility roundtable and work toward implementation of more efficient energy distribution technologies.

**Colombia TPA**

An interagency delegation traveled to Bogotá in September 2015 to monitor Colombia's implementation of its environmental commitments, and held roundtable discussions with private sector and civil society representatives. The delegation also advanced progress towards the establishment of an independent secretariat to receive and consider submissions from the public on matters regarding enforcement of environmental laws pursuant to Article 18.8 of the CTPA. The secretariat mechanism is intended to promote public participation in the identification and resolution of issues regarding each Party's enforcement of its environmental laws. In October 2015, the Department of State published a solicitation requesting applicants for housing the secretariat and, in collaboration with USTR and the government of Colombia, is working to select a host organization.

The United States provided capacity building assistance under the United States - Colombia Environmental Cooperation Work Program 2014-2017 to support Colombia's implementation of its environmental obligations under the CTPA. The U.S. Agency for International Development (USAID) supports the bulk of this environmental cooperation and in 2015 invested more than $20 million in activities that directly supported the work program. This work included support to improve the legality of the informal mining sector, which resulted in 84 mining units being formalized, 1,074 miners being trained on best environmental practices for mining operations, and a reduction of mercury use by at least 25 percent in 106 mining units. USAID also supported the Colombian government's efforts to improve the conservation of biodiversity and strengthen environmental governance in almost 37,000 hectares and facilitated a public-private dialogue on implementation of zero deforestation commitments made by a large group of U.S. and multinational companies in Colombia under the global Tropical Forest Alliance 2020. In addition, USAID assisted Colombia to implement a Tax Incentive Regulation linked to its new renewable energy law, which helped spur over $360 million in private sector investments in clean energy.

**Korea FTA**

On November 10 and 11, 2015, in Seoul, Korea, the United States and Korea held the second meeting of the Environmental Affairs Council (EAC) and Environmental Cooperation Commission (ECC), as well as a public session in conjunction with the meetings. The EAC discussed progress in implementing the KORUS Environment Chapter. The meetings focused specifically on provisions mandating high levels of protection, effective enforcement, and public participation.

Korea described actions it took in response to being listed in 2013 by NOAA as a "non-cooperative" nation regarding IUU fishing under the Magnuson-Stevens Fishery Conservation and Management Act. In particular, Korea noted that it had significantly revised its legal and regulatory system, especially with respect to its deep-water fishing fleet, resulting in its de-listing from NOAA's 2015 report on illegal and unreported fishing practices. The government passed the Distant Water Fisheries Development Act and created a vessel monitoring center. Other steps included mandatory use of vessel monitoring tracking systems for deep water fleets, increased inspections, and stricter penalties. Officials also reported on Korea's plans to ratify the Port State Measures Agreement which subsequently occurred in January 2016.

Korea officials discussed several other environmental initiatives aimed at protecting the public, including among others, improving the management of harmful chemicals and encouraging recycling. The Korean Forestry Service is also drafting a new law to combat illegal logging and associated trade.

The ECC reviewed environmental cooperation activities under the 2013-2015 Work Program. U.S. agencies have extensive cooperation with their Korean counterparts across a wide spectrum of projects and issue areas. For instance, on energy innovation, the U.S. Department of Energy works with Korea's Ministry of Trade, Industry and Energy on a range of clean energy technologies, including fuel cells, smart grids, and energy storage. On air quality, the United States and Korea participated in exchanges on regional trans-boundary air pollution, port and vessels emissions assessment, reduction, and monitoring strategies, and on radiation regulations. On fisheries issues, the Korean Ministry of Oceans and Fisheries and NOAA have cooperative activities in integrated coastal resource management, marine and climate monitoring, and fisheries and aquaculture research. The Korean Forestry Service engaged with the U.S. Forest Service, USDA, the Department of Justice, the Department of State, and USTR on ways to combat illegal logging and associated trade. Technical experts from Korea regularly meet with U.S. counterparts, including EPA, which hosted a fellow from the Korean Environmental Preservation Association, and worked with counterparts on managing products containing mercury, including under the U.S. Superfund model.

The United States and Korea also cooperate in multilateral fora, including in several regional fisheries management organizations. Korea participated in EPA-supported Asia-Pacific Mercury Monitoring Network workshops, as well as hosted and co-led an international seminar on perfluorinated compounds (PFCs) management. During this year's EAC and ECC meetings, USTR officials emphasized the need for Korea to take a leadership role within the region on environmental protection.

The ECC also approved the 2016-2018 Work Program, which identifies priorities for future cooperative activities, including: strengthening implementation and enforcement of environmental laws; protecting wildlife and sustainably managing ecosystems and natural resources, including combating IUU fishing; strengthening environmental protection and promoting sustainable environmental cities; and sharing best practices on the development and application of cleaner sources of energy and the use of innovative environmental technology.

**Jordan FTA**

In accordance with the United States-Jordan FTA and the United States-Jordan Joint Statement on Environmental Technical Cooperation, the United States and Jordan have worked closely together on a range of environmental matters. In 2014, the United States and Jordan adopted the 2014-2017 Work Program for Environmental Technical Cooperation that includes cooperation on institution strengthening for the effective enforcement of environmental laws, biodiversity conservation, improved cleaner production processes, and increased public participation and transparency in environmental decision making and enforcement in Jordan. In 2015, the U.S. Forest Service (USFS) continued to support improved management of 53,200 hectares of areas of biological significance through partnerships with Jordan's Royal Society for the Conservation of Nature. Also in 2015, the USFS provided technical assistance on tree nursery improvements to enhance the growing of seedlings and to improve reforestation practices. The USFS also provided a series of trainings to 75 Jordanians, including nursery specialists from Jordan's Forestry Department in the Ministry of Agriculture and representatives from the NGO community working on forest conservation.

**Oman FTA**

In accordance with the United States-Oman FTA and the United States-Oman Memorandum of Understanding on Environmental Cooperation, the United States and Oman have worked closely together on a range of environmental matters. In 2015, progress on environmental cooperation continued through implementation of the plan of action. As part of this effort, the U.S. Department of the Interior worked with the Omani Ministry of Environment and Climate Affairs (MECA) to build technical capacity for the implementation of the Convention on International Trade in Endangered Species of Wild Fauna and Flora. In addition, the U.S. Department of Justice worked with MECA to update Oman's environmental laws,

particularly the law on Conservation of the Environment and Prevention of Pollution and the Regulation on Controlling Air Pollutants Emitted by Immobile Sources. The U.S. Forest Service helped Oman improve its institutional capacity to respond to oil spills and other environmental disasters and worked with the National Committee for Civil Defense. (NCCD) to design and develop the capstone training courses to create Oman's first Incident Management Team.

**Panama TPA**

To promote environmental stewardship, and ensure that trade and environmental priorities are mutually supportive, the TPA requires that the Parties adopt, maintain, and implement laws, regulations, and other measures to fulfill their obligations under certain multilateral environmental agreements, and not to fail to effectively enforce their environmental laws or to reduce environmental protections to encourage trade or investment. The environmental obligations under the TPA are subject to the same dispute settlement provisions as the other obligations in the TPA and are subject to the same remedies.

The TPA established an Environmental Affairs Council (Council) composed of senior level officials who are to meet annually to consider and discuss implementation of the Environment Chapter. These meetings are an important tool to evaluate progress in implementing the environmental commitments of the TPA, discuss priority areas needing further attention, formulate a plan to achieve further progress, and provide for public participation. The United States and Panama intend to schedule a Council meeting in Washington, DC in the first half of 2016, in conjunction with a meeting of the Environmental Cooperation Commission (Commission), a related body established under the United States-Panama Environmental Cooperation Agreement (ECA), which entered into force on December 7, 2013. The Council and Commission will also hold a public session pursuant to the TPA Environment Chapter and the ECA, where stakeholders will have the opportunity to ask questions of, and provide comments to, officials from both countries.

An interagency delegation traveled to Panama in March 2015 to monitor Panama's implementation of its environmental commitments. The delegation met with representatives of Panama's trade and environment ministries and held a roundtable with civil society representatives to exchange views on the implementation of the environment commitments of the TPA.

In June 2015, the United States and Panama formalized agreement with the Water Center for the Humid Tropics of Latin America and the Caribbean (CATHALAC), located in Panama City, Panama, that CATHALAC would house the Environment Secretariat. In December 2015, the United States and Panama signed an agreement for the establishment of the Environmental Secretariat, pursuant to Article 17.8 of the TPA. The secretariat mechanism is intended to promote public participation in the identification and resolution of environmental enforcement issues and receives and considers submissions from the public on matters regarding enforcement of environmental laws.

**Singapore FTA**

In August 2015, the United States and Singapore met bilaterally to advance their work to implement the Environment Chapter of the FTA and the associated Memorandum of Intent on Cooperation in Environmental Matters (MOI). The governments reported on and discussed their progress in implementing obligations under the chapter, including obligations to establish high levels of environmental protection, effectively enforce domestic environmental laws, and provide opportunities for public participation in matters related to the implementation of the chapter.

Singapore reported on the development of stricter regulations on industrial and vehicle emissions standards, as well as the implementation of energy labeling requirements and minimum energy performance standards

for electrical appliances. Singapore also reported on the achievements in, and future goals for, sustainable development outlined in the Sustainable Singapore Blueprint 2015, the development of which entailed significant engagement of members of the public through dialogue sessions, focus group discussions, and online platforms. The governments also exchanged views on trade and environmental matters of mutual interest, including the TPP agreement and the WTO Environmental Goods Agreement.

The two governments also discussed ongoing environmental cooperation activities and adopted an updated environmental cooperation plan of action for 2016-2017, which establishes the following priorities for cooperative activities: (1) improving the capacity of institutions and strengthening policies for effective implementation and enforcement of environmental laws, including supporting efforts of countries in the region to combat illegal trade in environmentally sensitive goods through bilateral and regional cooperative activities; (2) participating in regional initiatives related to the conservation and sustainable use of and trade in natural resources; and (3) encouraging the exchange of information on environmental policies, best practices and use of innovative environmental technology and pollution management techniques. The officials held a public session in conjunction with the meeting.

In 2015, the United States and Singapore, through its Third Country Training Program (TCTP), jointly provided technical assistance programs for developing countries in Southeast Asia, in particular in the Lower Mekong sub-region. The governments conducted seven TCTP courses in 2015 on a range of environmental matters. Singapore also participated in the U.S. EPA-Taiwan Cities Clean Air Partnership Meeting, and EPA provided training to Singapore officials on AirNOW, EPA's air quality monitoring program.

**U.S.-China Joint Commission on Commerce and Trade**

In November 2015 at the 26th U.S.-China Joint Commission on Commerce and Trade (JCCT), which USTR co-chairs, the United States and China highlighted their shared objective of combating IUU fishing, wildlife trafficking, and illegal logging and associated trade, and agreed to build on previous JCCT (2014) and Strategic and Economic Dialogue commitments by enhancing information exchange and cooperation, under existing and appropriate agreements and mechanisms, in the areas of IUU fishing, wildlife trafficking, and illegal logging and associated trade. Recognizing these issues are global in nature, the two countries also agreed to exchange information and cooperate with other trading partners in the region recognizing their combined efforts and commitments will have significant benefits for the environment and help protect natural resources on a global scale.

## 3. USTR's Contribution to Administration Initiatives to Combat Wildlife Trafficking, IUU Fishing and Seafood Fraud

USTR is working closely with other agencies to implement the President's *National Strategy to Combat Wildlife Trafficking* (*National Strategy*). The *National Strategy*, released in February 2015, includes a comprehensive plan to address the wildlife trafficking crisis, including by using existing and future U.S. free trade agreements, environmental cooperation mechanisms, and other trade-related initiatives. By securing strong and enforceable commitments to combat wildlife trafficking and enhance wildlife conservation in TPP, and seeking similar commitments in T-TIP, USTR is already delivering on the *National Strategy's* call to action.

Similarly, USTR is actively implementing the President's *Action Plan on Combating Illegal, Unreported, and Unregulated (IUU) Fishing and Seafood Fraud* (*Action Plan*), released in March 2015. The *Action Plan* calls for a whole-of-government approach to fighting IUU fishing and seafood fraud, which deplete global fish stocks and undermine legitimate fishers. The *Action Plan* specifically calls upon USTR to obtain

commitments from U.S. trading partners to combat IUU fishing and eliminate harmful fisheries subsidies, such as those that go to illegal fishers.

USTR is already contributing to the success of the *Action Plan* by securing commitments in TPP to promote sustainable fisheries management, combat IUU fishing, and encourage conservation of marine resources, including sharks, marine mammals, and other threatened marine species. TPP also includes first-ever provisions to prohibit some of the most harmful fisheries subsidies, including those that negatively affect overfished fish stocks. USTR is seeking similar commitments in the T-TIP negotiations.

Further to the *Action Plan,* the United States, joined by New Zealand, also announced a commitment at the October 2015 Our Ocean Conference in Valparaiso, Chile not to provide subsidies to vessels engaged in IUU fishing.

# B. Trade and Labor

Protecting workers' rights is a top priority of the Obama Administration's trade policy agenda and reflects a strong commitment to ensure that American workers and their families benefit from trade. In 2015, the Administration continued to enhance its efforts to advance respect for labor rights and to strengthen monitoring and enforcement of trade agreement labor provisions. The Administration also has continued to enhance U.S. Government engagement with trade partners on labor rights through the formal mechanisms of trade agreements and trade preference programs, as well as through innovative new initiatives. In 2015, labor issues were a key aspect of trade and investment negotiations with Asia-Pacific, China, and the European Union and featured prominently on meeting agendas under existing trade agreements, under Trade and Investment Framework Agreements (TIFAs), as well as in multilateral fora, such as Asia Pacific Economic Cooperation (APEC).

In 2015, the United States concluded negotiation of the Trans-Pacific Partnership (TPP) with eleven other countries. The TPP contains the strongest protections for workers ever negotiated in a trade agreement, with unprecedented commitments by TPP countries to ensure their laws and practices conform to international labor standards. Among those commitments, TPP includes provisions to ensure that workers in Vietnam will have the right to form and join independent labor unions, that workers in Malaysia will have greater protections against forced labor, and that workers in Brunei will have a minimum wage and protections against discrimination in employment. (*For additional information on the TPP, see Chapter III.B.5.*) The Administration also continued to pursue inclusion of strong labor standards in negotiations with the European Union for a Transatlantic Trade and Investment Partnership (T-TIP) agreement. (*For additional information on the T-TIP negotiations, see Chapter III.B.2.*)

The Administration has used all trade policy tools available to improve labor rights in trading partners including pursuing dispute settlement against Guatemala, removing trade preference benefits from Bangladesh and Swaziland, placing labor experts full-time in Bangladesh and Colombia, and negotiating an extensive monitoring and action plan with Honduras.

On the domestic front, as an essential component of the Administration's trade agenda, the Trade Adjustment Assistance (TAA) program assists American workers adversely affected by global competition and helps ensure that they are given the best opportunity to acquire skills and credentials to get good jobs (*for additional information, see Chapter V.B.7*).

## 1. Bilateral Agreements and Preference Programs

**FTAs**

Since 2007, U.S. trade agreements have included obligations to ensure the consistency of each Party's labor laws with international labor standards as reflected in the 1998 ILO *Declaration on Fundamental Principles and Rights at Work*, as well as obligations not to fail to effectively enforce each Party's labor laws and not to waive or derogate from those laws in a manner affecting trade or investment. Additionally, FTA labor provisions create labor cooperation and capacity building mechanisms through which the Parties work together to enhance opportunities to improve labor standards. Each Party is obligated to designate an office within its labor ministry to serve as a contact point for matters related to the labor chapter, including receiving communications from the public and coordinating labor cooperation activities. The Office of Trade and Labor Affairs (OTLA) in the Bureau of International Labor Affairs (ILAB) of the DOL, in consultation with USTR and the U.S. Department of State (State), serves as the contact point for all U.S. free trade agreements with such provisions and for the North American Agreement on Labor Cooperation. For additional information on the OTLA, its Procedural Guidelines, and the process for filing a communication, visit http://www.dol.gov/ilab/trade/agreements. The Procedural Guidelines are also available in Arabic, French, and Spanish.

The United States engages trade partners on labor issues as part of our ongoing monitoring and implementation of U.S. trade agreements, and works with trading partners to advance labor rights through technical cooperation efforts, including in the CAFTA-DR countries, Morocco, Jordan, Peru, and Colombia (*for additional information, see Chapter III.A*). In 2015, consultations continued with Bahrain under the Labor Chapter of the United States-Bahrain Free Trade Agreement on concerns about freedom of association and employment discrimination (*for additional information see Chapter III.A.2*). In September 2015, DOL officials met with government representatives and stakeholders in Jordan to advance labor cooperation under the United States-Jordan Free Trade Agreement (*for additional information see Chapter III.A.7*). DOL officials also met with government and stakeholders in Oman to support labor rights cooperation under the United States-Oman Free Trade Agreement (*for additional information see Chapter III.A.11*).

In 2015, the United States worked closely with Colombia to continue implementation of the Colombian Action Plan Related to Labor Rights, which focuses on improving protection of labor rights, preventing violence against trade unionists, and prosecuting perpetrators of such violence. The DOL also stationed a labor attaché at the U.S. Embassy in Bogotá starting in April 2015, to ensure close monitoring and coordination on labor enforcement in Colombia. Also in April, officials from USTR, the DOL, and State held a videoconference with Colombia's Vice Minister of Labor and other Colombian officials to discuss progress under the Action Plan. In December, a USTR official visited Colombia to monitor further the implementation of the Action Plan, and held meetings with high-level government officials, including the Minister of Labor, as well as extensive discussions with interested stakeholders. Also in December, officials from USTR, the DOL and State met in Washington, D.C. with the Vice Prosecutor General of Colombia to discuss ongoing initiatives to prosecute perpetrators of violence against trade unionists. The United States will continue to work closely with Colombia in 2016, particularly to support efforts to combat illegal subcontracting and further reduce violence against labor leaders and activists (*for additional information, see Chapter III.A.5*).

On February 27, 2015, the DOL released a report on labor issues in Honduras in response to a submission by the American Federation of Labor Congress of Industrial Organizations and 26 Honduran labor unions, pursuant to the CAFTA-DR labor chapter. The report addressed allegations that the government of Honduras (GOH) failed to effectively enforce its labor laws, and included recommendations for actions by the GOH to improve enforcement efforts in the agriculture, manufacturing, and port sectors. The DOL report also recommended that the U.S. Government work with the GOH to develop and implement a monitoring and action plan with time-bound steps and measurable milestones. Pursuant to that

recommendation, on December 9, 2015, the United States and Honduras signed a labor Monitoring and Action Plan that includes commitments to increase inspection resources, provide training for inspectors, and establishes timeframes for improvements to labor enforcement mechanisms. The plan also includes commitments by the GOH to share labor law enforcement information with stakeholders and the public and undertake outreach to promote knowledge of labor rights and enforcement (*for additional information, see Chapter III.A.3*).

In February 2015, government officials from the United States and Morocco convened a meeting of the Joint Committee under the United States-Morocco Free Trade Agreement. At the meeting, officials reviewed discussions held during the agreement's Labor Subcommittee in September 2014 as well as the status of two technical assistance projects funded by the DOL designed to address child labor and gender equity. Officials also agreed to explore additional areas of labor cooperation in the coming year (*for additional information, see Chapter III.A.9*).

In September 2014, the United States announced its decision to proceed with a labor dispute against Guatemala under the CAFTA-DR agreement. This dispute, the first labor case to be brought under any free trade agreement, challenged Guatemala's enforcement of its labor laws. Earlier engagement by the United States and Guatemala on the issues subject to the challenge had resulted in an 18-point Enforcement Plan that included commitments by Guatemala to strengthen its labor inspections, expedite and streamline the process of sanctioning employers and ordering remediation of labor violations, increase labor law compliance by companies engaged in exporting, improve the monitoring and enforcement of labor court orders, publish labor law enforcement information, and establish mechanisms to ensure that workers are properly compensated upon closure of a company. Although Guatemala implemented many of these commitments, it did not achieve full implementation. As a result, the United States proceeded with formal dispute procedures. On June 2, 2015, the arbitral panel held a hearing in Guatemala City. The panel's final report is anticipated in June 2016 (*for additional information, see Chapter III.A.3*).

In 2015, the United States continued to monitor and assess progress towards addressing the labor concerns identified in a 2013 public report about labor rights in the Dominican Republic that the DOL issued in response to a communication submitted pursuant to the labor chapter of the CAFTA-DR. In April and December 2015, the DOL, in consultation with USTR and State, issued public updates on its findings. At the end of 2015, the DOL noted a number of positive steps taken by the government and by industry designed to address some of the labor issues identified in the 2013 report and emphasized other areas in need of further effort.

Also in 2015, the DOL was in the process of reviewing two additional public submissions on labor rights, one involving Mexico and the other involving Peru (*for additional information, see Chapter III.A.3*).

**Other Bilateral Agreements and Preference Programs**

Pursuant to requirements of the Haitian Hemispheric Opportunity through the Partnership Encouragement Act of 2008 (HOPE II), producers eligible for duty-free treatment under HOPE II must comply with core labor standards. The DOL, in consultation with USTR, is charged with identifying noncompliant producers on a biennial basis and providing assistance to such producers to come into compliance. The DOL identified one such producer in 2013 and, following extensive engagement in 2014, the producer is working to resolve the problems with labor rights. During 2015, the DOL did not identify any new non-compliant producers for the reporting period. USTR and the DOL continue to work closely with the government of Haiti, the ILO, and other U.S. Government agencies on implementation of the program to monitor factories' compliance with core labor standards. For additional information, view the 2015 USTR Annual Report on the Implementation of the TAICNAR program at:
https://ustr.gov/sites/default/files/Final%20Report%20Haiti%20HOPE%20II%202015.pdf.

U.S. trade preference programs, including the AGOA, the Caribbean Basin Trade Preferences Act, and the GSP, require beneficiaries to meet statutory eligibility criteria pertaining to workers' rights and child labor. During 2015, the GSP program was reauthorized after a lapse of two years. Congress also extended both the AGOA and HOPE preference programs. Although the GSP program was only authorized for a portion of the year, USTR and other agencies worked closely to engage with governments and stakeholders involved in ongoing GSP workers' rights-related reviews of Fiji, Georgia, Iraq, Niger, and Uzbekistan, as well as country eligibility reviews of Burma and Laos that included workers' rights issues.

Regarding Bangladesh, which President Obama suspended from GSP eligibility in June 2013 based on workers' rights concerns, USTR led an interagency delegation in September 2015 to assess actions taken under the GSP Action Plan and to reiterate to the government of Bangladesh that more needs to be done to improve workers' rights and worker safety issues in the country. USTR also hosted a meeting of the United States-Bangladesh Trade and Investment Cooperation Forum Agreement (TICFA) in November 2015 at which labor was a key issue. Additionally, USTR coordinated U.S. Government engagement in the Sustainability Compact for Bangladesh, which includes the European Union, the ILO, Bangladesh and the United States. During the year, the Compact participants communicated regularly to assess progress and identify areas for priority action, such as continued reports of unfair labor practices in the ready-made garment sector, increasing rejections of independent union applications, and the need to ensure freedom of association and collective bargaining rights in the country's export processing zones.

In November 2015, the Administration closed a GSP review of workers' rights in the Philippines based on progress made by that government in reforming its law and practice. USTR also announced the acceptance of a GSP petition submitted by the AFL-CIO to review worker rights in Thailand.

The United States continued to engage with African countries on AGOA workers' rights criteria through the AGOA annual eligibility review and bilateral and multilateral fora. After an extensive review and years of engagement, the President concluded that Swaziland had not met AGOA's statutory eligibility criteria with respect to labor rights and took steps to withdraw Swaziland's AGOA benefits in June 2014. The change took effect January 2015. USTR led U.S. Government discussions on critical labor issues, such as forced labor, with beneficiary countries during the 2015 August AGOA Forum in Libreville, Gabon.

The United States and China committed to a dialogue on labor issues in 2009 during the first United States-China Strategic and Economic Dialogue. In August 2015, the DOL and the China State Administration of Work Safety (SAWS) held a senior-level United States-China Workplace Safety and Health Dialogue, and undertook related exchanges throughout the year focusing on technological and regulatory solutions to protect workers. Those exchanges included the roles that industry and non-governmental organizations play in workplace safety and explore ways to ensure that workers are given a strong voice in the workplace on management decisions that impact workers' protection and welfare. Additionally, labor issues and respect for fundamental labor rights are a key component of bilateral investment treaty negotiations with China.

The thirteenth meeting of the United States-Vietnam Labor Dialogue took place in June 2015, at which the DOL and Vietnam's Ministry of Labor, Invalids, and Social Affairs (MOLISA) discussed cooperation on employment for people with disabilities; Vietnam's first ever Law on Occupational Safety and Health (OSH), which was approved by the National Assembly on June 25; expansion of the ILO Better Work program in Vietnam; and Vietnam's participation as one of two pilot countries in the DOL-funded ILO Global OSH Project. They also discussed Vietnam's exploration of ratification of ILO Conventions 87 (Freedom of Association and Protection of the Right to Organize) and 98 (Right to Organize and Bargain Collectively), and technical assistance for Vietnam to address the implications of compliance with ILO standards in those areas.

During 2015, USTR also engaged with several countries on labor issues in the context of TIFA meetings and other bilateral trade mechanisms. For example, discussions with Georgia, Bangladesh, Thailand, and Pakistan highlighted the importance of ensuring that labor laws are compliant with internationally recognized workers' rights and that government agencies have the capacity to enforce domestic labor laws.

In August 2014, USTR announced that the United States and Burma agreed to develop a new labor initiative to promote strong labor rights and responsible business practices. During President Obama's visit to Burma in November 2014, the United States, Burma, Japan, Denmark, and the ILO launched the innovative *Initiative to Promote Fundamental Labor Rights and Practices in Myanmar*. During 2015, USTR continued to coordinate U.S. Government engagement around the *Initiative*, including through a multi-stakeholder meeting in Burma that brought together business and labor interests to provide practical input into ongoing labor law reforms. In support of the *Initiative*, the DOL and State announced technical assistance programs aimed at assisting Burma's own comprehensive labor reforms and efforts to establish productive and cooperative industrial relations among social stakeholders.

## 2. Multilateral and Regional Fora

In the Ministerial Declaration adopted during the World Trade Organization (WTO) Ministerial Conference in Singapore (1996) and reaffirmed in Ministerial Declarations adopted during Ministerial Conferences in Doha (2001) and Hong Kong (2005), WTO Members renewed their commitment to observe internationally recognized core labor standards and took note of collaboration between the WTO and the International Labor Organization (ILO) Secretariats. In support of this collaboration, the ILO has continued its research and hosting of international conferences as part of a multi-year project to study the inclusion of labor provisions in trade and investment agreements. In 2015, USTR and DOL officials participated in ILO-led discussions to further this effort. The ILO also issued a revised edition of *Social Dimensions of Free Trade Agreements* (*available at* http://www.ilo.org/wcmsp5/groups/public/---dgreports/---inst/documents/publication/wcms_228965.pdf).

The Administration has continued to promote labor rights as one of the topics relevant to the effort to strengthen economic integration and to build high quality trade agreements in the Asia-Pacific region. In APEC, the United States has continued to support inclusion by APEC economies of labor and social issues in next generation trade agreements.

# C. Small and Medium Sized Business Initiative

Under the Obama Administration, USTR has implemented a Small Business Initiative to increase export opportunities for U.S. small and medium sized enterprises (SMEs), and has expanded efforts to address the specific export challenges and priorities of SMEs and their workers in our trade policy and enforcement activities. During 2015, USTR continued to engage with its interagency partners and with trading partners to develop and implement new and continuing initiatives that support small business exports.

U.S. small businesses are key engines for our economic growth, jobs, and innovation. SMEs that export grow faster, add jobs faster, and pay higher wages—up to 18 percent higher than SMEs that serve only domestic markets. According to research by the U.S. International Trade Commission (USITC), direct and indirect exports by U.S. SMEs support an estimated four million jobs in the United States and account for over 40 percent of the total value of U.S. exports of goods and services. Nearly 300,000 U.S. SMEs exported goods in 2013 (latest data available), accounting for 98 percent of all identified exporters.

SMEs participate in international trade as direct exporters with foreign sales (e.g., medical device manufacturers, software developers, and home-based businesses selling on e-commerce platforms), as importers (*e.g.*, small retailers and "mom and pop" shops), and as suppliers (*e.g.*, small auto parts suppliers and family farms that serve global markets and supply chains).

USTR is focused on making trade work for the benefit of American SMEs, helping them increase their sales to customers abroad, access and participate in global supply chains, and support jobs at home. USTR does this by negotiating with foreign governments to open their markets and by enforcing our existing trade agreements to ensure a level playing field for U.S. workers and businesses of all sizes. USTR is working to better integrate specific SME issues and priorities into our trade policy development, increase outreach to SMEs around the country, and expand collaboration and coordination with our interagency colleagues.

In particular, in October 2015, the United States concluded negotiations of the Trans-Pacific Partnership (TPP), an agreement with 11 other Asia-Pacific trading partners containing numerous provisions to open up new opportunities in the dynamic Asia-Pacific region, including the first-ever chapter on SMEs in a U.S. trade agreement. This reflects a recognition of the important role that SMEs play in increasing exports, prompting economic growth, and creating jobs. This further reflects broad recognition that costly tariff and nontariff trade barriers can disproportionately burden smaller firms.

Over 170,000 U.S. SMEs are currently exporting to TPP countries. Among the key aims of the TPP is to expand export opportunities for these SMEs and grow the number of SME exporters. The prospective trade agreement with the European Union, the Transatlantic Trade and Investment Partnership (T-TIP), also envisions including an SME chapter, which will deepen U.S.-EU cooperation to help SMEs benefit from increased transatlantic trade and investment.

Consistent with the objectives of the Administration's National Export Initiative, USTR is supporting efforts to help more American companies – especially SMEs – reach overseas markets by improving data, leveraging new technology applications, and empowering local export efforts. USTR works closely with the U.S. Small Business Administration, the Department of Commerce and other agencies to help provide U.S. SMEs information, assistance, and counselling on specific export opportunities.

In 2015, USTR undertook significant actions in continued support of our SME objectives.

## 1. USTR SME-Related Trade Policy Activities

Under the SME Initiative, USTR's small business office, regional offices, and functional offices are developing initiatives and advancing efforts to benefit SMEs. In addition to the recently concluded TPP Agreement and ongoing T-TIP negotiations, several other aspects of USTR's trade policy agenda have the potential to help SMEs boost exports. These include enhancing trade facilitation work – notably through the landmark WTO Trade Facilitation Agreement. As President Obama has noted, "this new deal… will eliminate red tape and bureaucratic delay for goods shipped around the globe. Small businesses will be among the biggest winners, since they encounter the greatest difficulties in navigating the current system." USTR is also leading efforts to strengthen and enforce intellectual property rights, reduce services market barriers, and simplify government procurement rules. For example, the revised WTO Government Procurement Agreement (GPA) expands business opportunities for U.S. firms including small businesses to supply goods and services to foreign governments, estimated to be worth between $80 billion and $100 billion annually. This adds to the $1 trillion already covered under the GPA, and establishes work programs that facilitate participation by small and medium sized businesses. Tariff barriers, burdensome customs procedures, discriminatory or arbitrary standards, and lack of transparency relating to relevant regulations in foreign markets present particular challenges for our SMEs in selling abroad.

U.S. trade agreements, as well as other trade dialogues and fora, provide a critical opportunity to address specific concerns of U.S. SMEs and facilitate their participation in export markets. For example:

- In October 2015, the United States concluded negotiations for the landmark TPP Agreement. TPP, comprised of 12 countries representing 40 percent of the global economy, will open markets for U.S. SMEs exporters of agricultural goods, industrial goods, and services (including financial services), and remove restrictions on investment and government procurement. One of the United States' key objectives since the launch of the TPP negotiations has been to facilitate the participation of U.S. SMEs in Asia-Pacific export markets and in Asia-Pacific supply chains. The final negotiated TPP agreement will eliminate tariffs and other formal restrictions on U.S. exports; it will also address many non-tariff barriers that pose disproportionate challenges to small business exports, including complex, slow, non-transparent, and unpredictable customs procedures (addressed in the Customs and Trade Facilitation Chapter of the TPP text); limitations on availability of express delivery services (Cross-Border Trade in Services and Customs and Trade Facilitation Chapters), restrictions on the provision of services over the Internet (Electronic Commerce Chapter); obstacles to use of electronic payment systems (Financial Services Chapter); conflicting or duplicative requirements for standards and conformity assessment (Technical Barriers to Trade Chapter), unavailability of information on upcoming government contracts (Government Procurement Chapter), and inability to review and comment upon new regulatory measures (Transparency and Anti-corruption and Regulatory Coherence Chapters), and others. In order to ensure that SMEs can fully access the benefits of the Agreement, TPP is the first U.S. trade agreement ever to contain an SME chapter dedicated to the specific needs of SME exporters. TPP's SME Chapter builds on the commitments elsewhere in the Agreement by having each TPP country commit to create a dedicated website targeted at TPP SME exporters with a description of those provisions of the Agreement considered most relevant to small and medium enterprises, The website will also include how and by which agency in each TTP country are implemented, contact information for relevant agencies in each TPP country, as well as additional trade-related information of use to SME exporters, on topics like standards and regulations, intellectual property rights, foreign investment regulations, business registration procedures, employment regulations, and taxation procedures. TPP's SME Chapter also establishes a TPP Small and Medium Enterprise Committee to meet regularly following implementation to engage with SME exporters and ensure that the Agreement is delivering the anticipated benefits for SMEs. The SME Committee will consider how best to maximize TPP benefits for SMEs, including through best practices and consideration of cooperation and capacity-building activities. The text of the TPP SME Chapter and the full text of the TPP Agreement is available to the public at www.ustr.gov.

- The United States' continuing negotiations under the T-TIP with the European Union aim, in part, to strengthen U.S.-EU cooperation to enhance the participation of SMEs in trade between the United States and the EU, as well as address in the Agreement trade barriers that may disproportionately burden SMEs and prevent them from reaching new markets and customers. In 2015, USTR convened the 6th U.S.-European Union Small and Medium Enterprise Workshop in Washington, D.C., in coordination with the Small Business Administration, the Department of Commerce, and the European Commission's DG TRADE and DG GROW, to hear directly from SME stakeholders on both sides of the Atlantic regarding the trade policy priorities of SMEs in T-TIP. The workshop discussed specific ways to enhance SME cooperation between the United States and the EU, such as connecting industry-to-industry clusters in geographic regions on both sides. The U.S. and EU also released an updated report on "T-TIP Opportunities for Small and Medium-Sized Enterprises," reflecting joint objectives in tariffs, regulatory issues and non-tariff barriers, services, procurement, customs and trade facilitation, intellectual property rights, electronic commerce, and supply chains that could benefit SMEs on both sides. USTR also

participated in T-TIP SME programs at U.S. and EU Embassies to hear directly from U.S. and EU small businesses on ways to strengthen transatlantic small business cooperation, and is engaging small businesses in IPR-intensive industries through the Transatlantic Intellectual Property Rights Working Group.

- In the Asia-Pacific Economic Cooperation (APEC) forum, APEC adopted the Boracay Action Agenda to Globalize Micro, Small and Medium Enterprises (MSMEs), as well as the APEC Iloilo Initiative: Growing Global SMEs for Inclusive Development, a guiding framework for integrating SMEs into international trade and Global Value Chains (GVCs). APEC also welcomed the U.S.-led initiative on the Digital Economy Action Plan for MSMEs to further assist SMEs' access to international markets. The United States, through APEC, continued supporting capacity building activities closely linked to the WTO's Trade Facilitation Agreement, including assistance for economies to further simplify customs procedures and document requirements that will in turn benefit small and medium sized businesses that often lack the resources necessary to navigate overly complex requirements to deliver their goods to overseas markets in the region. During its host year in 2015, the Philippines highlighted the participation of SMEs in global value chains, and the United States supported this focus through work related to improving SME inclusion throughout regional/global value chains. APEC also launched a new website called the APEC Trade Repository (APECTR) at http://tr.apec.org, APEC's online source of members' trade and tariff information, which will help SMEs seeking tariff rates, customs procedures, and other information for doing business in APEC markets.

- With respect to Free Trade Agreement (FTA) partners in the Western Hemisphere, USTR is working with the U.S. Small Business Administration, the U.S. Department of State, and other agencies to support the Obama Administration's Small Business Network of the Americas (SBNA), which helps small businesses participate in international trade by linking U.S. small business development centers (SBDCs) with international counterparts via web-based platforms and facilitates direct contacts between centers and small business clients seeking foreign customers and partners. USTR participated in the America's Small Business Development Centers annual meeting in San Francisco, and supported the SBNA matchmaking workshop of SBDCs in the United States with potential sister centers in countries in the Western Hemisphere. U.S. SBDCs expressed interest in SME client matchmaking and exchange of best practices in SME counseling, financing, and other areas with counterpart centers in Mexico, Canada, Brazil, and other countries.

- USTR also convened SME Working Groups in conjunction with the Free Trade Commission meetings with partners Chile and Peru to discuss cooperation through the Administration's SBNA. USTR welcomed progress by the Chilean Administration to establish 50 SBDCs based on the U.S. model throughout Chile. Chile and Peru intend to partner with U.S. SBDCs and their SME clients to expand opportunities under the trade agreement. USTR also discussed expanded regional opportunities for SMEs with Chile and Peru through the Trans-Pacific Partnership agreement.

## 2. USTR Interagency SME Activities

USTR participates in the Trade Promotion Coordinating Committee's (TPCC) Small Business Working Group, collaborating with agencies including the U.S. Department of Commerce, the U.S. Small Business Administration, the U.S. Department of State, U.S. Export-Import Bank, the U.S. Department of Agriculture, and others across the U.S. Government to promote small business exports. The TPCC Small Business Working Group connects SMEs to trade information and resources to help them begin or expand their exports and take advantage of existing trade agreements.

USTR collaborates as a key member of the TPCC SME Task Force, which is chaired by the Small Business Administration (SBA), on formulating policies to connect SMEs to international trade opportunities and increase their ability to compete in international markets. As a result of work by the Task Force, USTR, the U.S. Department of Commerce and the U.S. Small Business Administration created the FTA Tariff Tool. This free, online tool (http://export.gov/FTA/ftatarifftool/index.asp) can help small businesses take better advantage of the reduction and elimination of tariffs under U.S. FTAs. The FTA Tariff Tool was expanded to include tariff information on textiles and apparel products as well as rules of origin under U.S. FTAs, and will be expanded to include new regional free trade agreements such as TPP and T-TIP.

## 3. USTR's SME Outreach and Consultations

Throughout 2015, Ambassador Froman and senior USTR staff participated in numerous engagements around the country to hear directly from local small businesses, workers, and other stakeholders about the trade opportunities and challenges they face. These engagements included briefings through small business associations, in-person roundtables, and direct outreach to over 500 SMEs about their experience accessing overseas markets. USTR's new website also includes helpful links, fact sheets, and resources for SMEs, and blogs which highlight small business export success stories around the country and USTR trade policy efforts supporting small business. In 2015, USTR created a report, the United States of Trade, including examples throughout the 50 states of U.S. small businesses in manufacturing, services, and agriculture successfully exporting to the Asia Pacific, European Union and countries around the world, accompanied by state-by-state trade statistics to help educate SMEs about the benefits of trade in their state. On an interagency basis, USTR is working with the TPCC to improve trade information relevant for SMEs and highlight interagency programs to assist SMEs with their individual export needs.

USTR staff regularly consult with the Industry Trade Advisory Committee for Small and Minority Business (ITAC 11) to seek its advice and input on U.S. trade policy negotiations and initiatives, and meets frequently with individual SMEs and associations representing SME members on specific issues. USTR spoke at several SME events around the country and abroad in 2015, including at the American Association of Small Business Development Centers annual conference in San Francisco, California; the National Association of Foreign Trade Zones in Los Angeles, California; the National District Export Council Annual meeting in Washington, D.C.; Town Halls on the Transatlantic Trade and Investment Partnership in Mobile, Alabama and Birmingham, Alabama; the U.S. Export Assistance Center T-TIP conference in Philadelphia, Pennsylvania; the annual meeting of the Small Business Administration Regional Advocates in Baltimore, Maryland; small businesses from around the country convening at the White House Business Council; the Small Business Committee of the President's Export Council; and other events aimed at apprising small businesses of international trade opportunities and encouraging them to begin or expand their exports.

# D. Organization for Economic Cooperation and Development

Thirty-four democracies in Europe, the Americas, the Middle East, and the Pacific Rim comprise the Organization for Economic Cooperation and Development (OECD), established in 1961 and headquartered in Paris. The OECD is a grouping of economically significant countries and serves as a policy forum covering a broad spectrum of economic, social, environmental, and scientific areas, from macroeconomic analysis to education to biotechnology. The OECD helps countries, both OECD Members and non-Members, reap the benefits and confront the challenges of a global economy by promoting economic growth, free markets, and the efficient use of resources. A committee of Member government officials, supported by Secretariat staff, covers each substantive area. The emphasis is on discussion and peer review rather than negotiation. However, some OECD instruments, such as the Anti-Bribery Convention, are legally binding. Most OECD decisions require consensus among Member governments. The like-mindedness of the OECD's membership on the core values of democratic institutions, the rule of law, and

open markets uniquely positions the OECD to serve as a valuable policy forum to address issues relevant to the global economy and the multilateral trading system. In the past, analysis of issues in the OECD has often been instrumental in forging a consensus among OECD countries to pursue specific negotiating goals in other international fora, such as the WTO.

The United States has a longstanding interest in trade issues studied by the OECD. On trade and trade policy the OECD engages in meaningful research, provides a forum in which OECD Members can discuss complex and sometimes difficult issues, and communicates to the wider public the benefits that trade and open economies generate. Through its multi-disciplinary approach, the OECD offers a distinct advantage in analyzing the complex economic effects of trade liberalization. In recent years, *inter alia* using economic modeling, OECD research and analysis has shown that trade liberalization is an engine for job creation in all countries, especially as the world moves toward economic recovery. The Trade Committee's work developing trade facilitation indicators provided powerful analytical evidence supporting the conclusion of the WTO negotiations on trade facilitation, demonstrating that the potential trade cost savings from full implementation of the agreement is 14.1 percent of total costs for low income countries, 15.1 percent for lower middle income countries, and 12.9 percent for upper middle income countries. The OECD is also active in warning against the dangers of protectionist measures and explaining how imports help firms cut costs and improve efficiency.

## 1. Trade Committee Work Program

In 2015, the OECD Trade Committee, its subsidiary Working Party, and its joint working parties on environment and agriculture, continued to address a number of issues of significance to the multilateral trading system. The Trade Committee met in April and November 2015, and its Working Party met in March, June, October, and December. The Trade Committee and its subsidiary groups paid significant attention to trade facilitation, global value chains, services trade, export restrictions, state-owned enterprises, regional trade agreements, and export credits. The trade page on the OECD website (http://www.oecd.org/trade) contains up-to-date information on published analytical work and other trade-related activities.

Several major analytical pieces were developed or completed under the Trade Committee during 2015, including:

- *Managing the Minerals Sector: Implications for Trade from Peru and Colombia*, Jane Korinek
- *Water in the GATS*, Sébastien Miroudot, Kätlin Pertel
- *International Trade and Investment by State Enterprises*, Przemyslaw Kowalski, Kateryna Perepechay
- *Services Trade Restrictiveness Index (STRI): Logistics Services*, Kazuhiro Sugie, Massimo Geloso Grosso, Hildegunn Kyvik Nordås, Sébastien Miroudot, Frederic Gonzales, Dorothée Rouzet
- *Trade, global value chains and wage-income inequality*, Javier Lopez Gonzalez, Przemyslaw Kowalski, Pascal Achard
- *Contribution of Trade Facilitation Measures to the Operation of Supply Chains*, Evdokia Moïsé, Silvia Sorescu
- *Emerging Policy Issues: Localisation Barriers to Trade*, Susan Stone, James Messent, Dorothee Flaig
- *Participation of Developing Countries in Global Value Chains*, Przemyslaw Kowalski, Javier Lopez Gonzalez, Alexandros Ragoussis, Cristian Ugarte
- *The Impact of Services Trade Restrictiveness on Trade Flows*, Hildegunn Kyvik Nordås, Dorothée Rouzet

- *Services Trade Restrictiveness Index (STRI): Scoring and Weighting Methodology*, Massimo Geloso Grosso, Frédéric Gonzales, Sébastien Miroudot, Hildegunn Kyvik Nordås, Dorothée Rouzet, Asako Ueno

The Trade Committee continued its analysis and work surrounding the Services Trade Restrictiveness Index (STRI), a tool to measure the restrictiveness of barriers affecting trade in services. Looking ahead, the Trade Committee will also continue its work on participation in global value chains, localization barriers related to government procurement processes and data localization, trade-related international regulatory cooperation, and trade facilitation.

The OECD Ministerial Council Meeting took place in June 2015 in Paris. Deputy U.S. Trade Representative Ambassador Michael Punke participated in the Trade Session, which focused on unlocking investment for sustainable growth and jobs. OECD Members, Key Partners, accession candidates Colombia, Latvia, Costa Rica, and Lithuania, and Trade Committee observers Argentina and Hong Kong participated in the session. Participants underscored the importance of trade as a key driver for growth and job creation. Ministers underlined that international investment and an open, rules-based multilateral trading system are key drivers for private sector development, sustainable economic growth, and job creation. They welcomed WTO-consistent and WTO-supportive bilateral, regional, and plurilateral initiatives aimed at promoting trade. They also called for implementation of the WTO Trade Facilitation Agreement (TFA), which according to OECD analysis has the potential to reduce trade costs by 12 to18 percent with the greatest benefit to developing countries. Participants in the trade session also expressed support for the OECD's work on a Trade in Value Added initiative, a Global Value Chains initiative, Trade Facilitation Indicators, the Policy Framework for Investment, and the Service Trade Restrictions Index. The United States, supported by other Members, emphasized the value of OECD's concrete trade data in making policy decisions.

## 2. Trade Committee Dialogue with Non-OECD Members

The OECD conducts wide-ranging activities to reach out to non-Member countries, business, and civil society, in particular through its series of workshops and "Global Forum" events held around the world each year. Non-Members may participate as committee observers when Members believe that participation will be mutually beneficial. Key Partners – Brazil, China, India, Indonesia, and South Africa – participate to varying degrees in OECD activities through the Enhanced Engagement program, which seeks to establish a more structured and coherent partnership, based on mutual interest, between these five major economies and OECD Members. Argentina, Brazil, and Hong Kong (China) are regular invitees to the Trade Committee and its Working Party. The OECD also carries out a number of regional and bilateral cooperation programs with non-Members.

The OECD Trade Committee continued its contacts with non-Member countries in 2015. The Trade Committee invited Key Partners and G-20 countries to participate in special sessions of the April 2015 committee meeting related to explaining the global trade slowdown and reinvigorating trade's contribution to growth, planned G20 activities, and the state of play in the post-Bali work program of the WTO. In 2015, the Trade Committee undertook discussions on the draft Market Openness Reviews of Colombia, Costa Rica, Latvia, and Lithuania. At the November 2015 Trade Committee meeting, Members agreed to approve Latvia's draft formal opinion, thereby finalizing Latvia's Trade Committee review. Members also agreed to close Lithuania's market openness review and to move on to drafting the formal opinion in 2016. Colombia's and Costa Rica's Market Openness Reviews will continue in 2016.

At the 2013 Ministerial Council Meeting, OECD Ministers called for the establishment of a comprehensive OECD Southeast Asia Regional Programme, the main objective of which is to strengthen engagement

between the OECD and Southeast Asian countries with a view to supporting regional integration and national reform priorities. The Trade Committee also continued its work with the Southeast Asia region in areas where OECD work is relevant to APEC's efforts to improve market "connectivity," including the analysis of global/regional value chains, trade in services, and trade facilitation.

The OECD held a Global Forum on Trade in November 2015. The Forum focused on "The Future of Trade – Will Policy Lead or Follow?" The purpose of the forum was twofold: to explore the medium term prospects and the likely nature of future trade flows; and to highlight trade and related policy approaches that would ensure that trade and investment continue to contribute to more inclusive growth and employment in all economies.

The Trade Committee also continued its dialogue with civil society and discussed aspects of its work and issues of concern with representatives of civil society, including Members of the OECD's Business and Industry Advisory Council (BIAC) and Trade Union Advisory Council (TUAC).

## 3. Other OECD Work Related to Trade

Representatives of the OECD Member countries meet in specialized committees to advance ideas and review progress in specific policy areas, such as economics, trade, science, employment, education, and financial markets. There are about 200 committees, working groups, and expert groups. Additional information on OECD activities and publications related to trade can be found on the following OECD websites:

- Trade: http://www.oecd.org/trade
- Trade and development: http://www.oecd.org/trade/dev\
- Trade and environment: http://www.oecd.org/trade/env
- Trade facilitation: http://www.oecd.org/trade/facilitation
- Agricultural trade: http://www.oecd.org/agriculture/trade
- Services trade: http://www.oecd.org/trade/services
- Anti-Bribery Convention: http://www.oecd.org/corruption
- Export credits: http://www.oecd.org/trade/xcred
- Employment, Labor and Social Affairs: http://www.oecd.org/els
- Fisheries: http://www.oecd.org/fisheries
- Regulatory Reform: http://www.oecd.org/regreform
- Steel: http://www.oecd.org/sti/steel

# E. Localization Barriers to Trade

A growing number of America's trading partners have imposed or are contemplating what are called "localization barriers to trade" – measures designed to protect, favor, or stimulate domestic industries, service providers, or intellectual property (IP) at the expense of goods, services, or IP from other countries. Localization barriers can serve as trade barriers when they unreasonably differentiate between domestic and foreign products, services, IP, or suppliers, and may or may not be consistent with WTO rules. Examples of localization barriers include:

- Local content requirements, *i.e.*, requirements to purchase domestically manufactured goods or domestically supplied services;

- Subsidies or other preferences that are only received if producers use local goods, locally owned service providers, or domestically owned or developed IP, or IP that is first registered in that country;
- Requirements to provide services using local facilities or infrastructure;
- Measures to force the transfer of technology or IP;
- Requirements to comply with country- or region-specific or design-based standards that create unnecessary obstacles to trade; and,
- Unjustified requirements to conduct or carry out duplicative conformity assessment procedures in-country.

Disadvantaging or excluding foreign goods, services, or IP in a market compared to domestic goods, services, or IP can distort trade, discourage foreign direct investment, and push other trading partners to impose similarly detrimental measures. Consequently, often over the long term, these measures can actually stand in the way of the economic growth and competitiveness objectives that they were intended to achieve.

For these reasons, it has been longstanding U.S. trade and investment policy to advocate strongly against localization barriers and to encourage trading partners to pursue instead policy approaches that help their economic growth and competitiveness without discriminating against imported goods or services.

In 2015, USTR continued to lead the Trade Policy Staff Committee Task Force on Localization Barriers to Trade's. The mission of this task force is to build off the USTR initiatives already underway in this area, by working closely with U.S. industry and other stakeholders, along with trading partners around the world, to reduce market access challenges posed to U.S. goods, services, and IP by localization barriers. Specifically, USTR continued to advance work in APEC on promoting trade-enhancing models for creating jobs, increasing competitiveness, and promoting economic growth, as an alternative to localization barriers. USTR also worked closely with OECD staff on its continued research on the impact of localization barriers on trade and investment and economic growth. Finally, the United States successfully negotiated a number of provisions in the Trans-Pacific Partnership Agreement (TPP) that will address and prevent localization barriers in the Asia-Pacific region. In 2016, the United States will seek to build on the APEC and OECD initiatives, continue work on T-TIP and TiSA, and take additional steps to continue to address localization barriers around the world.

# F. Trade in Services Agreement

Launched in April 2013, the Trade in Services Agreement (TiSA) is a trade initiative focused exclusively on services. Drawing on best practices from around the world, TiSA is designed to encompass state-of-the-art trade rules aimed at promoting fair and open competition across the full spectrum of service sectors – from telecommunications and technology to distribution and delivery services.

Twenty-three economies participated in TiSA negotiations in 2015: Australia, Canada, Chile, Colombia, Costa Rica, the European Union, Hong Kong, Iceland, Israel, Japan, Liechtenstein, Mauritius, Mexico, New Zealand, Norway, Pakistan, Panama, Peru, the Republic of Korea, Switzerland, Taiwan, Turkey, and the United States. Negotiations are being held in Geneva, Switzerland, but there is no relationship between TiSA and the World Trade Organization.

TiSA participants represent 70 percent of the world's $55 trillion services market in 2014. For the United States, services account for three-quarters of U.S. private industries GDP and four out of five jobs. Thanks to a vibrant and open domestic market, the United States is highly competitive in services trade, routinely

recording an annual surplus on the order of $200 billion. Expanding services trade globally will unlock new opportunities for Americans.

Five rounds of negotiations were held in 2015. Negotiations over market access offers are intensifying, and extensive work is underway to develop the text of several annexes that contain additional disciplines in areas like telecommunications, financial services, and domestic regulations. The negotiating participants hope to achieve substantial progress during 2016.

# V. TRADE ENFORCEMENT ACTIVITIES

## A. Enforcing U.S. Trade Agreements

### 1. Overview

USTR coordinates the Administration's active monitoring of foreign government compliance with trade agreements to which the United States is a party and pursues enforcement actions using dispute settlement procedures and applying the full range of U.S. trade laws when appropriate. Vigorous monitoring and investigation efforts by USTR and relevant expert agencies, including the U.S. Departments of Agriculture, Commerce, Justice, Labor, and State, help ensure that these agreements yield the maximum benefits in terms of ensuring market access for Americans, advancing the rule of law internationally, and creating a fair, open, and predictable trading environment. The Interagency Trade Enforcement Center (ITEC), led by USTR in close collaboration with the U.S. Department of Commerce, brings together research, analytical resources, and expertise from across the Federal Government into one organization, significantly enhancing the capability of the United States to investigate foreign trade practices that are potentially unfair or adverse to U.S. commercial interests.

Ensuring full implementation of U.S. trade agreements is one of the Administration's strategic priorities. USTR seeks to achieve this goal through a variety of means, including:

- Asserting U.S. rights through the World Trade Organization (WTO), including the stronger dispute settlement mechanism created in the Uruguay Round, and the WTO bodies and committees charged with monitoring implementation and surveillance of agreements and disciplines;

- Vigorously monitoring and enforcing bilateral and plurilateral agreements;

- Invoking U.S. trade laws in conjunction with bilateral, plurilateral, and WTO mechanisms to promote compliance;

- Providing technical assistance to trading partners, especially in developing countries, to ensure that key agreements such as the Agreement on Basic Telecommunications and the Agreement on Trade-Related Aspects of Intellectual Property Rights (TRIPS) are implemented on schedule; and,

- Promoting U.S. interests under free trade agreements (FTAs) through work programs, accelerated tariff reductions, and use or threat of use of dispute settlement mechanisms, including with respect to labor and environmental obligations.

Through the vigorous application of U.S. trade laws and active use of WTO dispute settlement procedures, the United States has effectively opened foreign markets to U.S. goods and services. The United States also has used the incentive of preferential access to the U.S. market to encourage improvements in the protection of workers' rights and reform of intellectual property laws and practices in other countries. These enforcement efforts have resulted in major benefits for U.S. firms, farmers, and workers, and workers around the world.

To ensure the enforcement of WTO agreements, the United States has been one of the world's most frequent users of WTO dispute settlement procedures. Since the establishment of the WTO in 1994, the United States has filed 108 complaints at the WTO, thus far successfully concluding 75 of them by settling 29 disputes favorably and prevailing in 46 others through litigation before WTO panels and the Appellate

Body. The United States has obtained favorable settlements and favorable rulings in virtually all sectors, including manufacturing, intellectual property, agriculture, and services. These cases cover a number of WTO agreements involving rules on trade in goods, trade in services, and intellectual property protection.

**Satisfactory Settlements**

By filing disputes, the United States aims to secure benefits for U.S. stakeholders rather than to engage in prolonged litigation. Therefore, whenever possible, the United States has sought to reach favorable settlements that eliminate the foreign breach without having to resort to panel proceedings.

The United States has been able to achieve this preferred result in 29 disputes concluded so far, involving: Argentina's protection and enforcement of patents; Australia's ban on salmon imports; Belgium's duties on rice imports; Brazil's automotive investment measures; Brazil's patent law; Canada's antidumping and countervailing duty investigation on corn; China's value-added tax on integrated circuits; China's use of prohibited subsidies for green technologies; China's treatment of foreign financial information suppliers; China's subsidies for so-called Famous Brands; China's support for wind power equipment; Denmark's civil procedures for intellectual property enforcement; Egypt's apparel tariffs; the EU's market access for grains; an EU import surcharge on corn gluten feed; Greece's protection of copyrighted motion pictures and television programs; Hungary's agricultural export subsidies; India's compliance regarding its patent protection; Ireland's protection of copyrights; Japan's protection of sound recordings; Korea's shelf-life standards for beef and pork; Mexico's restrictions on hog imports; Pakistan's protection of patents; the Philippines' market access for pork and poultry; the Philippines' automotive regime; Portugal's protection of patents; Romania's customs valuation regime; Sweden's enforcement of intellectual property rights; and Turkey's box office taxes on motion pictures.

**Litigation Successes**

When U.S. trading partners have not been willing to negotiate settlements, the United States has pursued its cases to conclusion, prevailing in 46 cases to date. In 2015, the United States prevailed in a dispute involving Argentina's import licensing restrictions and other trade-related requirements, in a challenge to China's claim of compliance in the dispute involving China's countervailing and antidumping duties on grain oriented flat-rolled electrical steel from the United States; and in a challenge to India's ban on various U.S. agricultural products – such as poultry meat, eggs, and live pigs – allegedly to protect against avian influenza. In prior years, the United States prevailed in cases involving: Argentina's tax and duties on textiles, apparel, and footwear; Australia's export subsidies on automotive leather; Canada's barriers to the sale and distribution of magazines; Canada's export subsidies and an import barrier on dairy products; Canada's law protecting patents; China's charges on imported automobile parts; China's measures restricting trading rights and distribution services for certain publications and audiovisual entertainment products; China's enforcement and protection of intellectual property rights; China's measures related to the exportation of raw materials; China's countervailing and antidumping duties on grain oriented flat-rolled electrical steel from the United States; China's measures affecting electronic payment services; China's countervailing and antidumping duties on broiler parts from the United States; China's countervailing and antidumping duties on automobiles from the United States; China's export restrictions on rare earths and other materials; the EU's subsidies to Airbus for large civil aircraft; the EU's import barriers on bananas; the EU's ban on imports of beef; the EU's regime for protecting geographical indications; the EU's moratorium on biotechnology products; the EU's non-uniform classification of LCD monitors; the EU's tariff treatment of certain information technology products; India's import bans and other restrictions on 2,700 items; India's protection of patents on pharmaceuticals and agricultural chemicals; India's and Indonesia's discriminatory measures on imports of U.S. automobiles; Japan's restrictions affecting imports of apples, cherries, and other fruits; Japan's barriers to apple imports; Japan's and Korea's discriminatory taxes on distilled spirits; Korea's restrictions on beef imports; Mexico's

antidumping duties on high fructose corn syrup; Mexico's telecommunications barriers; Mexico's antidumping duties on rice; Mexico's discriminatory soft drink tax; the Philippines' discriminatory taxation of imported distilled spirits; and Turkey's measures affecting the importation of rice.

USTR also works in consultation with other U.S. Government agencies to ensure the most effective use of U.S. trade laws to complement its litigation strategy and to address problems that are outside the scope of the WTO and U.S. free trade agreements. USTR has effectively applied Section 301 of the Trade Act of 1974 to address unfair foreign government measures, "Special 301" for intellectual property rights protection and enforcement, and Section 1377 of the Omnibus Trade and Competitiveness Act of 1988 for telecommunications trade problems (*the application of these trade law tools is described in greater detail in Chapter V.B.*).

**ITEC**

In his 2012 State of the Union Address, President Obama called for increased efforts to investigate unfair trading practices in countries around the world, including creation of a new trade enforcement unit. On February 28, 2012, the President signed Executive Order 13601, establishing the Interagency Trade Enforcement Center, or ITEC. ITEC serves as the primary forum within the Federal Government for executive departments and agencies to coordinate enforcement of international and domestic trade rules. ITEC levels the playing field for American workers and businesses by bringing a more aggressive "whole-of-government" approach to addressing unfair trade practices and foreign trade barriers, and significantly enhances the Government's capabilities to challenge such barriers and practices around the world. ITEC increases the efforts devoted to trade enforcement, as well as leverages existing resources more efficiently across the Administration. Personnel from various contributing Government agencies comprise a deep pool of analytical support for trade enforcement efforts. In a close, collaborative effort, USTR and the U.S. Department of Commerce have assembled ITEC staff from a variety of agencies including the U.S. Departments of Commerce, Agriculture, State, and Justice, as well as the International Trade Commission and the intelligence community. The staff brings a diverse set of language skills –Mandarin, Russian, Korean, Spanish, Portuguese, Bahasa, and Vietnamese - and expertise including intellectual property rights, subsidy analysis, economics, agriculture, and animal health science.

In 2015, ITEC continued its work to fulfill the President's goals. ITEC has played a critical role in providing research and analysis in support of multiple important WTO matters including Argentina's import licensing restrictions and other trade-related requirements, China's export subsidies in export bases for automobiles and automotive parts, Indonesia's restrictive import licensing, India's local content restrictions on certain solar energy products, China's export subsidies in demonstration bases for various industries, and China's use of hidden and discriminatory tax exemptions for certain Chinese-produced aircraft. These WTO actions address practices that the United States believes are inconsistent with WTO rules and affect opportunities for U.S. exporters. In addition, ITEC also has provided research and analysis to assist in defending cases brought against the United States at the WTO including actions by Canada and Mexico regarding country of origin labeling and Argentina's action regarding beef.

ITEC has provided an important monitoring and analysis function to evaluate China's compliance with the WTO decisions regarding the raw materials, rare earths, and electronic payment services cases. In addition, ITEC, in coordination with the Department of Labor, provided extensive analysis, translations, and other critical support for the case filed under the Dominican Republic – Central American Free Trade Agreement (CAFTA-DR) involving labor rights in Guatemala.

ITEC also has provided essential research and analysis leading to the U.S. counter-notification of certain Chinese subsidies to the WTO Committee on Subsidies and Countervailing Measures and the counter-

notification of certain Chinese State Trading Enterprises to the WTO Council for Trade in Goods, both of which highlight China's failure to abide by its reporting commitments.

ITEC is increasing its capabilities including the acquisition of additional foreign language-proficient trade experts. In coordination with other offices at USTR and other agencies, ITEC has identified priority projects for research and analysis regarding a number of countries and issues. ITEC staff have developed detailed work plans and are researching those projects intensively. These efforts are being supplemented by research activities conducted by other agencies in coordination with ITEC.

## 2. WTO Dispute Settlement

The United States had major enforcement successes in 2015. Most notably: (i) The United States prevailed in a challenge to Argentina's sweeping import restrictions in the form of a non-automatic import licensing system and trade-balancing requirements. Argentina's restrictions potentially affect billions of dollars in U.S. exports each year. (ii) The United States prevailed in a challenge to India's ban on imports of various U.S. agricultural products – such as poultry meat, eggs, and live pigs – allegedly to protect against avian influenza. The panel agreed with the United States that India's ban breached India's obligations under the SPS Agreement, *inter alia* because the ban was imposed without a scientific basis. (iii) The United States successfully challenged China's claim of compliance following WTO findings that China's duties on high-tech steel were inconsistent with WTO rules. This compliance challenge was the first time any WTO Member had initiated a WTO proceeding to challenge a claim by China that it had complied with adverse WTO findings.

The United States launched two WTO actions in 2015, requesting WTO consultations: with China regarding its "Demonstration Bases" subsidy program, which provides prohibited export subsidies to manufacturers and producers, including in the textiles, agriculture, chemicals, and new materials industries; and with China on its VAT (value-added tax) exemption for certain types of domestically produced aircraft, which appears to discriminate against imported aircraft.

Other ongoing enforcement actions include a compliance proceeding to determine whether the EU has complied with the WTO's recommendations regarding EU subsidies to Airbus, a manufacturer of large civil aircraft; panel proceedings against Indonesia regarding a variety of import licensing requirements and other import measures that restrict imports of horticultural products (such as apples and grapes) and animals and animal products (such as poultry and beef) and with India regarding its domestic content requirements for solar cells and solar modules in its National Solar Mission.

The cases described in Chapter II.H of this report further demonstrate the importance of the WTO dispute settlement process in opening foreign markets and securing other countries' compliance with their WTO obligations. Further information on WTO disputes to which the United States is a party is available on the USTR website: https://ustr.gov/issue-areas/enforcement/overview-dispute-settlement-matters.

## 3. Other Monitoring and Enforcement Activities

### Subsidies Enforcement

The WTO Agreement on Subsidies and Countervailing Measures (Subsidies Agreement) establishes multilateral disciplines on subsidies. Among its various disciplines, the Subsidies Agreement provides remedies for subsidies that have adverse effects not only in the importing country's market, but also in the subsidizing government's market and in third-country markets. Prior to the Subsidies Agreement coming into effect in 1995, the U.S. countervailing duty law was, in effect, the only practical mechanism for U.S.

companies to address subsidized foreign competition. However, the countervailing duty law focuses exclusively on the effects of foreign subsidized competition in the United States. Although the procedures and remedies are different, the multilateral remedies of the Subsidies Agreement provide an alternative tool to address foreign subsidies that affect U.S. businesses in an increasingly global marketplace.

Section 281 of the Uruguay Round Agreements Act of 1994 (URAA) and other authorities set out the responsibilities of USTR and the U.S. Department of Commerce (Commerce) in enforcing U.S. rights in the WTO under the Subsidies Agreement. USTR coordinates the development and implementation of overall U.S. trade policy with respect to subsidy matters; represents the United States in the WTO, including the WTO Committee on Subsidies and Countervailing Measures and in WTO dispute settlement relating to subsidies disciplines; and leads the interagency team on matters of policy. The role of Commerce's Enforcement and Compliance (E&C), formerly known as Import Administration, is to enforce the countervailing duty (CVD) law, and in accordance with responsibilities assigned by the Congress in the URAA, to pursue certain subsidies enforcement activities of the United States with respect to the disciplines embodied in the Subsidies Agreement. The E&C's Subsidies Enforcement Office (SEO) is the specific office charged with carrying out these duties.

The primary mandate of the SEO is to examine subsidy complaints and concerns raised by U.S. exporting companies and to monitor foreign subsidy practices to determine whether there is reason to believe they are impeding U.S. exports to foreign markets and are inconsistent with the Subsidies Agreement. Once sufficient information about a subsidy practice has been gathered to permit it to be reliably evaluated, USTR and Commerce confer with an interagency team to determine the most effective way to proceed. It is frequently advantageous to pursue resolution of these problems through a combination of informal and formal contacts, including, where warranted, dispute settlement action in the WTO. Remedies for violations of the Subsidies Agreement may, under certain circumstances, involve the withdrawal of a subsidy program or the elimination of the adverse effects of the program.

During 2015, USTR and E&C staff have handled numerous inquiries and met with representatives of U.S. industries concerned with the subsidization of foreign competitors. These efforts continue to be importantly enhanced by E&C officers stationed overseas (*e.g.*, in China), who help gather, clarify, and check the accuracy of information concerning foreign subsidy practices. State Department officials at posts where E&C staff are not present have also handled such inquiries.

The SEO's electronic subsidies database continues to fulfill the goal of providing the U.S. trading community with a centralized location to obtain information about the remedies available under the Subsidies Agreement and much of the information that is needed to develop a CVD case or a WTO subsidies complaint. The website (http://esel.trade.gov) includes an overview of the SEO, helpful links, and an easily navigable tool that provides information about each subsidy program investigated by Commerce in CVD cases since 1980. This database is frequently updated, making information on subsidy programs quickly available to the public.

**Monitoring and Challenging Foreign Antidumping, Countervailing Duty and Safeguard Actions**

The WTO Agreement on Implementation of Article VI (Antidumping Agreement) and the WTO Subsidies Agreement permit WTO Members to impose antidumping (AD) duties or CVDs to offset injurious dumping or subsidization of products exported from one Member to another. The United States actively monitors, evaluates, and where appropriate, participates in ongoing AD and CVD cases conducted by foreign countries in order to safeguard the interests of U.S. industry and to ensure that Members abide by their WTO obligations in conducting such proceedings.

To this end, the United States works closely with U.S. companies affected by foreign countries' AD and CVD investigations in an effort to help them better understand Members' AD and CVD systems. The United States also advocates on their behalf in connection with ongoing investigations, with the goal of obtaining fair and objective treatment that is consistent with the WTO Agreements. In addition, with regard to CVD cases, the United States provides extensive information in response to questions from foreign governments regarding the subsidy allegations at issue in a particular case.

Further, E&C tracks foreign AD and CVD actions, as well as safeguard actions involving U.S. exporters, enabling U.S. companies and U.S. Government agencies to monitor other Members' administration of such actions. Information about foreign trade remedy actions affecting U.S. exports is accessible to the public via E&C's website at http://enforcement.trade.gov/trcs/index.html. The stationing of E&C officers to certain overseas locations and close contacts with U.S. Government officers stationed in embassies worldwide has contributed to the Administration's efforts to monitor the application of foreign trade remedy laws with respect to U.S. exports. In addition, E&C promotes fair treatment, transparency, and consistency with WTO obligations through technical exchanges and other bilateral engagements.

During the past year, over 100 trade remedy actions involving exports from the United States were closely monitored, notable examples of which include: (Antidumping) Argentina's investigation of pet resin; China's separate investigations of unbleached sack paper and optical fiber preforms; India's separate investigations of 2-ethyl hexanol and n-butanol; the European Union's investigation of grain oriented electrical steel; Mexico's separate investigations of ammonium sulfate, apples and carbon steel pipe; and Turkey's separate investigations of cotton and unbleached kraft liner paper, (Countervailing Duty) China's expiry review of chicken broiler products; the European Union's expiry review of biodiesel, (Safeguards) Egypt's separate investigations on white sugar and automotive batteries; India's separate investigations on hot-rolled steel coils and hot-rolled sheets and plates; Indonesia's investigation on dextrose monohydrate; Jordan's investigation on writing and printing paper; Malaysia's investigation on hot-rolled steel plate; and Turkey's separate investigations on uncoated paper and transmission apparatus incorporating reception apparatus (cellular) portable telephone.

Members must notify, on an ongoing basis and without delay, their preliminary and final determinations to the WTO. Twice a year, WTO Members must also notify the WTO of all AD and CVD actions they have taken during the preceding six month period. The actions are identified in semiannual reports submitted for discussion in meetings of the relevant WTO committees. Finally, Members are required to notify the WTO of changes in their AD and CVD laws and regulations. These notifications are accessible through the USTR and E&C website links to the WTO's website.

**Disputes under Free Trade Agreements**

*CAFTA – DR: In the Matter of Guatemala – Issues Relating to the Obligations under Article 16.2.1(a) of the CAFTA-DR*

On July 30, 2010, the United States requested cooperative labor consultations with Guatemala pursuant to Article 16.6.1 of the Dominican Republic-Central America-United States Free Trade Agreement (CAFTA-DR). In its request, the United States stated that Guatemala appeared to be failing to meet its obligations under Article 16.2.1(a) with respect to the effective enforcement of Guatemalan labor laws directly related to the right of association, the right to organize and bargain collectively, and acceptable conditions of work. The request specifically stated that the United States had identified significant failures by Guatemala to enforce its labor laws, through a sustained or recurring course of action or inaction, in a manner affecting trade, including: (1) the Ministry of Labor's (MOL) failure to investigate alleged labor law violations; (2) the MOL's failure to take enforcement action once it had identified a labor law violation; and (3) the judicial system's failure to enforce labor court orders in cases involving labor law violations.

The United States and Guatemala held consultations on September 8-9, 2010, and on December 6, 2010, but were unable to resolve the matter. On May 16, 2011, the United States requested a meeting of the Free Trade Commission (FTC) under CAFTA-DR Article 20.5.2. The FTC met on June 7, 2011, but was unable to resolve the dispute.

On August 9, 2011, the United States requested the establishment of a panel under CAFTA-DR Article 20.6.1. The Panel was constituted on November 30, 2012, with Mr. Kevin Banks as Chair and with Mr. Theodore Posner and Mr. Mario Fuentes Destarac serving as the other members.

The Parties agreed to suspend the work of the Panel while they negotiated a Labor Enforcement Plan in which Guatemala agreed to take significant actions to strengthen its enforcement of its labor laws. On April 26, 2013, the Parties signed the 18-point Enforcement Plan and agreed to maintain the arbitral panel's suspension during its implementation and review.

On September 19, 2014, after having concluded that Guatemala had not achieved sufficient progress in realizing the commitments and aims of the Enforcement Plan, the United States proceeded with the dispute settlement proceedings. Both disputing Parties presented a series of written submissions to the Panel in accordance with the Rules of Procedure for Chapter 20 (Dispute Settlement) of the CAFTA-DR. Eight non-governmental entities also submitted written views to the Panel as provided under the CAFTA-DR.

The Panel held a hearing in Guatemala City on June 2, 2015. On November 4, 2015, the proceedings were temporarily suspended after Mr. Fuentes Destarac resigned from the Panel for reasons of availability. The Panel resumed work on November 27, 2015, when Mr. Ricardo Ramírez Hernández accepted his nomination to serve as a member of the Panel. The Panel's final report in the proceedings is expected in 2016.

*CAFTA – DR: United States – Dehydrated Ethyl Alcohol*

On April 1, 2014, Costa Rica requested formal consultations under the dispute settlement provisions of the CAFTA-DR regarding the tariff treatment by the United States of ethyl alcohol (ethanol) dehydrated in Costa Rica from non-originating feedstock. On April 8, 2014, El Salvador notified the United States that it considers it has a substantial trade interest in the matter and would therefore participate in the consultations. Formal consultations were held on June 11, 2014. On September 29, 2014, Costa Rica requested a meeting of the Free Trade Commission, and the FTC meeting took place on November 6, 2014. The United States is continuing to engage with Costa Rica on the matter.

## 4. Monitoring Foreign Standards-related Measures and SPS Barriers

The Administration deploys significant resources to identify and confront unjustified barriers stemming from sanitary and phytosanitary (SPS) measures as well as from technical regulations, standards, and conformity assessment procedures (standards-related measures) that restrict U.S. exports of safe, high-quality products. SPS measures, technical regulations, and standards serve a vital role in safeguarding countries and their people, including by protecting health, safety, and the environment. Conformity assessment procedures are procedures such as testing and certification requirements used to determine that products comply with underlying standards and technical requirements.

U.S. trade agreements provide that SPS and standards-related measures enacted by U.S. trading partners to meet legitimate objectives, such as the protection of health and safety as well as the environment, must not act as unnecessary obstacles to trade. Greater engagement with U.S. trading partners and increased

monitoring of their practices can help ensure that U.S. trading partners are complying with their obligations. This engagement helps facilitate trade in safe, high-quality U.S. products. USTR, through its Trade Policy Staff Committee (TPSC) works to ensure that SPS and standards-related measures do not act as discriminatory or otherwise unwarranted restrictions on market access for U.S. exports.

USTR uses tools, including its annual reports and the National Trade Estimate Report (NTE), to bring greater attention and focus to addressing SPS and standards-related measures that may be inconsistent with international trade agreements to which the United States is a party or that otherwise act as significant barriers to U.S. exports. These reports describe the actions that USTR and other agencies have taken to address the specific trade concerns identified through their outreach, as well as ongoing processes for monitoring SPS and standards-related actions that affect trade. USTR's activities in the WTO SPS Committee and the WTO TBT Committee are at the forefront of these efforts (*for additional information, see Chapter II.E.3 and Chapter II.E.8.*). USTR also engages on these issues with U.S. trading partners through mechanisms established by free trade agreements, such as NAFTA, and through regional and multilateral organizations, such as the APEC and the OECD.

In 2016, USTR will continue to deploy significant resources to identify and confront unjustified SPS and standards-related barriers. The NTE Report will continue to highlight the increasingly critical nature of these issues to U.S. trade policy, to identify and call attention to problems resolved during the past year, in part as models for resolving ongoing issues, and to signal new or existing areas in which more progress needs to be made.

# B. U.S. Trade Laws

## 1. Section 301

Section 301 of the Trade Act of 1974 (Trade Act) is designed to address foreign unfair practices affecting U.S. exports of goods or services. Section 301 may be used to enforce U.S. rights under bilateral and multilateral trade agreements and also may be used to respond to unreasonable, unjustifiable, or discriminatory foreign government practices that burden or restrict U.S. commerce. For example, Section 301 may be used to obtain increased market access for U.S. goods and services, to provide more equitable conditions for U.S. investment abroad, and to obtain more effective protection worldwide for U.S. intellectual property.

**Operation of the Statute**

The Section 301 provisions of the Trade Act provide a domestic procedure whereby interested persons may petition the USTR to investigate a foreign government act, policy, or practice that may be burdening or restricting U.S. commerce and take appropriate action. USTR also may self-initiate an investigation.

In each investigation, USTR must seek consultations with the foreign government whose acts, policies, or practices are under investigation. If the consultations do not result in a settlement and the investigation involves a trade agreement, Section 303 of the Trade Act requires USTR to use the dispute settlement procedures that are available under that agreement. Section 304 of the Trade Act requires USTR to determine whether the acts, policies, or practices in question deny U.S. rights under a trade agreement or whether they are unjustifiable, unreasonable, or discriminatory and burden or restrict U.S. commerce. If the acts, policies, or practices are determined to violate a trade agreement or to be unjustifiable, USTR must take action. If they are determined to be unreasonable or discriminatory and to burden or restrict U.S. commerce, USTR must determine whether action is appropriate and if so, what action to take.

Actions that USTR may take under Section 301 include to: (1) suspend trade agreement concessions; (2) impose duties or other import restrictions; (3) impose fees or restrictions on services; (4) enter into agreements with the subject country to eliminate the offending practice or to provide compensatory benefits for the United States; and/or (5) restrict service sector authorizations.

After a Section 301 investigation is concluded, USTR is required to monitor a foreign country's implementation of any agreements entered into, or measures undertaken, to resolve a matter that was the subject of the investigation. If the foreign country fails to comply with an agreement or USTR considers that the country fails to implement a WTO dispute panel recommendation, USTR must determine what further action to take under Section 301.

**Developments during 2015**

USTR received no Section 301 petitions during 2015. Ongoing developments regarding the Section 301 investigation of EU measures concerning meat and meat products are summarized below.

*European Union – Measures Concerning Meat and Meat Products (Hormones)*

A directive of the European Communities (EC) prohibits the import into the EU of animals and meat from animals to which certain hormones have been administered (the "hormone ban"). This measure bans most imports of beef and beef products from the United States. A WTO panel and the Appellate Body found that the hormone ban was inconsistent with the EU's WTO obligations because the ban was not based on scientific evidence, a risk assessment, or relevant international standards. Under WTO procedures, the EC was to have come into compliance with its obligations by May 13, 1999, but it failed to do so. Accordingly, in May 1999, the United States requested authorization from the Dispute Settlement Body (DSB) to suspend the application to the EC, and Member States thereof, of tariff concessions and related obligations under the GATT 1994. The EC did not contest that it had failed to comply with its WTO obligations, but it objected to the level of suspension proposed by the United States.

On July 12, 1999, a WTO arbitrator determined that the level of nullification or impairment suffered by the United States as a result of the EC's WTO-inconsistent hormone ban was $116.8 million per year. Accordingly, on July 26, 1999, the DSB authorized the United States to suspend the application to the EC and its Member States of tariff concessions and related obligations under the GATT 1994 covering trade up to $116.8 million per year. In a notice published in the *Federal Register* in July 1999, USTR announced that the United States was exercising this authorization by using authority under Section 301 to impose 100 percent *ad valorem* duties on a list of certain products of certain EC Member States.

In February 2005, a WTO panel was established to consider the EC's claims that it had brought its hormone ban into compliance with the EC's WTO obligations and that the increased duties imposed by the United States were no longer covered by the DSB authorization. The WTO panel concluded its work in 2008, and the panel report was appealed to the WTO Appellate Body. In October 2008, the Appellate Body confirmed that the July 1999 DSB authorization to the United States to suspend the application of tariff concessions and related obligations remained in effect.

In January 2009, USTR decided to modify the action taken in July 1999 by: (1) removing some products from the list of products subject to 100 percent *ad valorem* duties since July 1999; (2) imposing 100 percent *ad valorem* duties on some new products from certain EC member States; (3) modifying the coverage with respect to particular EC member States; and (4) raising the level of duties on one of the products that was being maintained on the product list. The trade value of the products subject to the modified action continued not to exceed the $116.8 million per year level authorized by the WTO in July 1999. The effective date of the modifications was to be March 23, 2009.

In March 2009, USTR decided to delay the effective date of the additional duties (items two through four above) imposed under the January 2009 modifications in order to allow additional time for reaching an agreement with the EC that would provide benefits to the U.S. beef industry. The effective date of the removal of duties under the January modifications remained March 23, 2009. Accordingly, subsequent to March 23, 2009, the additional duties put in place in July 1999 remained in place on a reduced list of products.

In May 2009, the United States and the EC announced the signing of an MOU in the EC-Beef Hormones dispute. Under the first phase of the MOU, which was scheduled to conclude in August 2012, the EC was obligated to open a new beef tariff-rate quota (TRQ) for beef not produced with certain growth-promoting hormones in the amount of 20,000 metric tons at zero rate of duty. The United States in turn was obligated not to increase additional duties above those in effect as of March 23, 2009. The MOU provides for a possible second phase in which the EU would expand the beef TRQ to 45,000 metric tons, and the United States would suspend all additional duties imposed in connection with the Beef Hormones dispute.

On August 3, 2012, the United States and the EU, by mutual agreement, entered into the second phase of the MOU. USTR met the second phase obligations of the United States by terminating the remaining additional duties in May 2011, in advance of the second phase start date. As provided in the MOU, the EU in turn expanded the TRQ for beef produced without certain growth promoting hormones.

Under the MOU, phase two originally was to last for a period of one year. In August 2013, USTR announced that the United States and the EU planned to extend phase two for an additional two years, or until August 2015. In October 2013, the United States and the EU formally amended the MOU to reflect the extension of phase two. During 2015, USTR monitored the operation of the MOU, including with respect to whether the MOU was providing meaningful market access to U.S. producers.

The United States continues to have an authorization from the WTO DSB to suspend concessions on EU products. USTR will continue to monitor EU implementation of the MOU and other developments affecting market access for U.S. beef products. If EU implementation and other developments do not proceed as contemplated, USTR will consider additional actions under Section 301 of the Trade Act.

## 2. Special 301

Pursuant to Section 182 of the Trade Act of 1974, as amended by the Omnibus Trade and Competitiveness Act of 1988 and the Uruguay Round Agreements Act (enacted in 1994), USTR must identify those countries that deny adequate and effective protection for intellectual property rights (IPR) or deny fair and equitable market access for persons that rely on intellectual property protection. Countries that have the most onerous or egregious acts, policies, or practices and whose acts, policies, or practices have the greatest adverse impact (actual or potential) on relevant U.S. products are designated as "Priority Foreign Countries" (PFC), unless those countries are entering into good faith negotiations or are making significant progress in bilateral or multilateral negotiations to provide adequate and effective protection of IPR. Priority Foreign Countries are subject to an investigation under the Section 301 provisions of the Trade Act of 1974, unless USTR determines that the investigation would be detrimental to U.S. economic interests.

In addition, USTR has created a Special 301 "Priority Watch List" (PWL) and "Watch List" (WL). Placement of a trading partner on the PWL or WL indicates that particular problems exist in that country with respect to IPR protection, enforcement, or market access for persons relying on intellectual property. Countries placed on the PWL receive increased attention in bilateral discussions with the United States concerning problem areas.

Additionally, under Section 306 of the Trade Act of 1974, USTR monitors whether U.S. trading partners are in compliance with bilateral intellectual property agreements with the United States that are the basis for resolving investigations under Section 301. USTR may take action if a country fails to satisfactorily implement such an agreement.

The Special 301 list not only indicates those trading partners whose intellectual property protection and enforcement regimes most concern the United States, but also alerts firms considering trade or investment relationships with such countries that their IPR may not be adequately protected.

**2015 Special 301 Review Results**

On April 30, 2015, the United States Trade Representative announced the results of the 2015 Special 301 Review. The 2015 Special 301 Report reflects the Obama Administration's resolve to encourage and help maintain effective IPR protection and enforcement worldwide. The report is the result of robust stakeholder input and interagency consultation.

In 2015, USTR continued to enhance public engagement in the Special 301 process, facilitate sound, well balanced assessments of IPR protection and enforcement efforts of particular trading partners, and help ensure that the Special 301 Review is based on a full understanding of the various IPR issues in trading partner markets. USTR requested written submissions from the public through a notice published in the *Federal Register* on December 29, 2014 (http://www.regulations.gov, Docket Number USTR- 2014-00425). In addition, on February 24, 2015, USTR conducted a public hearing that provided the opportunity for interested persons to testify before the interagency Special 301 Subcommittee about issues relevant to the review. The hearing featured testimony from witnesses such as representatives of foreign governments, industry, and nongovernmental organizations. The USTR posted on its website the transcript of the Special 301 hearing, and also offered a post-hearing comment period during which hearing participants and interested parties could submit additional information in support of, or in response to, hearing testimony. The 2015 *Federal Register* notice – and post hearing comment period – drew submissions from 55 interested parties, including 21 trading partner governments.

For more than 25 years, the Special 301 Report has identified positive advances as well as areas of continued concern. The Report has reflected changing technologies, promoted best practices, and situated these critical issues in their policy context, underscoring the importance of intellectual property rights protection and enforcement to the United States and our trading partners.

During this period, there has been significant progress in a variety of countries. For instance, Korea, which appeared on the Priority Watch List in the original 1989 Fact Sheet, has since been removed from both the Priority Watch List and the Watch List. Korea has transformed itself from a country in need of intellectual property rights enforcement into a country with a reputation for cutting edge innovation as well as high quality, high-tech manufacturing. Korea is now one of the top patent filers internationally and a U.S. trade agreement partner with state of the art standards of intellectual property rights protection and enforcement. There have also been important advances in many other markets over the past 26 years that have been reflected in the Special 301 Report, including in Australia, Israel, Italy, Japan, Philippines, Qatar, Spain, Taiwan, the United Arab Emirates, and Uruguay.

Still, considerable concerns remain. In 2015, USTR received stakeholder input on nearly 100 trading partners, but focused the review on the 72 nominations contained in submissions that complied with the requirement in the *Federal Register* notice to identify whether a particular trading partner should be designated as PFC, or placed on the PWL or WL, or not listed in the Report, and that were filed by the deadlines provided in the notice. Following extensive research and analysis, USTR listed 13 countries on

the Priority Watch List and 25 countries on the Watch List. Several countries, including Chile, China, India, Indonesia, Thailand, and Turkey, have been listed every year since the Report's inception. The 2015 listings are as follows:

**Priority Watch List:** Algeria; Argentina; Chile; China; Ecuador; India; Indonesia; Kuwait; Pakistan; Russia; Thailand; Ukraine; and Venezuela; and

**Watch List:** Barbados; Belarus; Bolivia; Brazil; Bulgaria; Canada; Colombia; Costa Rica; Dominican Republic; Egypt; Finland; Greece; Guatemala; Jamaica; Lebanon; Mexico; Paraguay; Peru; Romania; Tajikistan; Trinidad and Tobago; Turkey; Turkmenistan; Uzbekistan; and Vietnam.

When appropriate, USTR may conduct an Out-of-Cycle Review (OCR) to encourage progress on IPR issues of concern. OCRs provide an opportunity for heightened engagement with trading partners and others to address and remedy such issues. In the case of a country specific OCR, successful resolution of identified IPR concerns can lead to a change in a trading partner's status on the Special 301 list outside of the typical time frame for the annual Special 301 Report. In some cases, USTR calls for the OCR; in others, the trading partner governments can request an OCR based on projections for improvements in IPR protection and enforcement. For example, in 2015, USTR continued the OCR of Paraguay to provide additional time for conclusion of a bilateral IPR Memorandum of Understanding (MOU). In June 2015, Paraguay and the United States signed a MOU under which Paraguay committed to making specific improvements to its IPR regime and, as a result, USTR concluded the OCR and Paraguay was removed from the Watch List. The United States is continuing to work with Paraguay on our areas of concern. Although Spain is not listed in the 2014 Special 301 Report, USTR determined that the OCR first announced in 2013 focusing on whether Spain had met certain specific benchmarks related to tackling copyright piracy on the Internet should continue. USTR also announced that it would conduct OCRs of Turkmenistan, Tajikistan, and Honduras. These four reviews are ongoing.

USTR also conducts an OCR focused on online and physical marketplaces that are reportedly engaged in piracy and counterfeiting and have been the subject of enforcement action or that may merit further investigation for possible IPR infringements. USTR has identified notorious markets in the Special 301 Report since 2006. In 2010, USTR announced that it would begin to publish the Notorious Markets List separately from the Special 301 Report, as an "Out-of-Cycle Review of Notorious Markets," in order to increase public awareness and guide related enforcement efforts. The results of the 2015 Notorious Markets OCR were published on December 17, 2015 and highlight developments since the issuance of the previous Notorious Markets OCR in March 2015. Since publication of the first Notorious Markets List, several online markets closed or saw their business models disrupted as a result of enforcement efforts. In some instances, in an effort to legitimize their overall business, companies made the decision to close down problematic aspects of their operations; others cooperated with authorities to address unauthorized conduct on their site. Notwithstanding the progress that has occurred, online piracy and counterfeiting continue to grow, requiring robust, sustained, and coordinated responses by governments, private sector stakeholders, and consumers.

The Special 301 Review, including its country specific and Notorious Markets OCRs, serves a critical function by identifying opportunities and challenges facing our innovative and creative industries in foreign markets and by promoting the job creation, economic development, and many other benefits that adequate and effective intellectual property protection and enforcement support. The Special 301 Report and Notorious Markets List inform the public and our trading partners and can serve as a positive catalyst for change. USTR remains committed to meaningful and sustained engagement with our trading partners, with the goal of resolving these challenges. Information related to Special 301 (including audio transcripts and video), Notorious Markets, and USTR's overall IPR efforts can be found at https://ustr.gov/issue-areas/intellectual-property.

## 3. Section 1377 Review of Telecommunications Agreements

Section 1377 of the Omnibus Trade and Competitiveness Act of 1988 requires USTR to review by March 31 of each year the operation and effectiveness of U.S. telecommunications trade agreements. The purpose of this review is to determine whether any act, policy, or practice of a foreign country that has entered into a telecommunications-related agreement with the United States: (1) is not in compliance with the terms of the agreement; or (2) otherwise rejects, within the context of the agreement, to telecommunications products and services of U.S. firms, mutually advantageous market opportunities in that country.

The 2015 Section 1377 Review focused on Internet enabled trade in services, including cross-border data flows and Voice over Internet Protocol (VoIP) services; independent and effective regulators; limits on foreign investment; competition; international termination rates; satellites and submarine cable systems; telecommunications equipment trade; and local content requirements.

## 4. Antidumping Actions

Under the antidumping law, duties are imposed on imported merchandise when the U.S. Department of Commerce (Commerce) determines that the merchandise is being dumped (sold at "less than fair value") and the U.S. International Trade Commission (USITC) determines that there is material injury or threat of material injury to the domestic industry, or material retardation of the establishment of an industry, "by reason of" those imports. The antidumping law's provisions are incorporated in Title VII of the Tariff Act of 1930 and have been substantially amended by the Trade Agreements Act of l979, the Trade and Tariff Act of 1984, the Trade and Competiveness Act of 1988, and the 1994 Uruguay Round Agreements Act.

An antidumping investigation usually starts when a U.S. industry, or an entity filing on its behalf, submits a petition alleging, with respect to certain imports, the dumping and injury elements described above. If the petition meets the applicable requirements, Commerce initiates an antidumping investigation. In special circumstances, Commerce also may initiate an investigation on its own motion.

After initiation, the USITC decides, generally within 45 days of the filing of the petition, whether there is a "reasonable indication" of material injury or threat of material injury to a domestic industry, or material retardation of an industry's establishment, "by reason of" the allegedly dumped imports. If this preliminary injury determination by the USITC is negative, the investigation is terminated and no duties are imposed; if it is affirmative, Commerce will make preliminary and final determinations concerning the allegedly dumped sales into the U.S. market. If Commerce's preliminary determination is affirmative, Commerce will direct U.S. Customs and Border Protection (CBP) to suspend liquidation of entries and require importers to post a bond or cash deposit equal to the estimated weighted-average dumping margin.

If Commerce's final determination regarding dumping is negative, the investigation is terminated and no duties are imposed. If affirmative, the USITC makes a final injury determination. If the USITC determines that there is material injury or threat of material injury, or material retardation of an industry's establishment, by reason of the dumped imports, an antidumping order is issued and CBP collects antidumping duties on imported goods. If the USITC's final injury determination is negative, the investigation is terminated and the cash deposits are refunded or the bonds posted are released.

Upon request of an interested party, Commerce conducts annual reviews of dumping margins pursuant to Section 751 of the Tariff Act of 1930. Section 751 also provides for Commerce and USITC review in cases of changed circumstances and periodic review in conformity with the five-year "sunset" provisions of the U.S. antidumping law and the WTO Antidumping Agreement.

Most antidumping determinations may be appealed to the U.S. Court of International Trade, with further judicial review possible in the U.S. Court of Appeals for the Federal Circuit. For certain investigations involving Canadian or Mexican merchandise, appeals may be made to a binational panel established under the NAFTA.

The United States initiated 42 antidumping investigations in 2015 and imposed 13 antidumping orders.

## 5. Countervailing Duty Actions

The U.S. countervailing duty (CVD) law dates back to late 19th century legislation authorizing the imposition of CVDs on subsidized sugar imports. The current CVD provisions are contained in Title VII of the Tariff Act of 1930, as amended by subsequent legislation including the Uruguay Round Agreements Act. As with the antidumping law, the USITC and the U.S. Department of Commerce (Commerce) jointly administer the CVD law, and U.S. Customs and Border Protection (CBP) collects and enforces CVD orders on imported goods.

The CVD law's purpose is to offset certain foreign government subsidies that benefit imports into the United States. CVD procedures under Title VII are very similar to antidumping procedures, and CVD determinations by Commerce and the USITC are subject to the same system of judicial review as antidumping determinations. Commerce normally initiates investigations based upon a petition submitted by a U.S. industry or an entity filing on its behalf. The USITC is responsible for investigating material injury issues. The USITC makes a preliminary finding as to whether there is a reasonable indication of material injury or threat of material injury, or material retardation of an industry's establishment, by reason of the imports subject to investigation. If the USITC's preliminary determination is negative, the investigation terminates; otherwise, Commerce issues preliminary and final determinations on subsidization. If Commerce's final determination of subsidization is affirmative, the USITC proceeds with its final injury determination. If the USITC's final determination is affirmative, Commerce will issue a CVD order. CBP collects CVDs on imported goods.

The United States initiated 23 CVD investigations and imposed 9 new CVD orders in 2015.

## 6. Other Import Practices

**Section 337**

Section 337 of the Tariff Act of 1930, as amended, makes it unlawful to engage in unfair acts or unfair methods of competition in the importation of goods or sale of imported goods. Most Section 337 investigations concern alleged infringement of intellectual property rights, such as U.S. patents.

The United States International Trade Commission (USITC) conducts Section 337 investigations through adjudicatory proceedings under the Administrative Procedure Act. The proceedings normally involve an evidentiary hearing before a USITC administrative law judge who issues an Initial Determination that is subject to review by the USITC (all sitting commissioners). If the USITC finds a violation, it can order that imported infringing goods be excluded from the United States and/or issue cease and desist orders requiring firms to stop unlawful conduct in the United States, such as the sale or other distribution of imported goods in the United States. A limited exclusion order covers only certain imports from particular named sources, namely some or all of the parties who are respondents in the proceeding. A general exclusion order, on the other hand, covers certain products from all sources. Cease and desist orders are generally directed to entities maintaining inventories of infringing goods in the United States. The USITC

is also authorized to issue temporary exclusion or cease and desist orders before it completes an investigation if it determines that there is reason to believe there has been a violation of Section 337. Additionally, seizure orders can be issued for repeat or multiple attempts to import merchandise already subject to a general or limited exclusion order. Many Section 337 investigations are terminated after the parties reach settlement agreements or agree to the entry of consent orders.

In cases in which the USITC finds a violation of Section 337, it must decide whether certain public interest factors nevertheless preclude the issuance of a remedial order. The four public interest considerations are the order's effect on public health and welfare, on competitive conditions in the U.S. economy, on the production of similar or directly competitive U.S. products, and on U.S. consumers. If the USITC issues a remedial order, it transmits the order, determination, and supporting documentation to the President for policy review. In July 2005, President Bush assigned these policy review functions, which are set out in Section 337(j)(1)(B), Section 337(j)(2), and Section 337(j)(4) of the Tariff Act of 1930, to the USTR. The USTR conducts these reviews in consultation with other agencies. Importation of the subject goods may continue during this review process if the importer pays a bond in an amount determined by the USITC. If the President (or the USTR, exercising the functions assigned by the President) does not disapprove the USITC's action within 60 days, the USITC's order becomes final. If the President or the USTR disapproves or formally approves an order before the end of the 60 day review period, the order is nullified, or becomes final, as the case may be, on the date the President or the USTR notifies the USITC. Section 337 determinations are subject to judicial review in the U.S. Court of Appeals for the Federal Circuit, with possible appeal to the U.S. Supreme Court.

During calendar year 2015, the USITC instituted 36 new Section 337 investigations and commenced six proceedings based on requests for modification or rescission of outstanding Commission orders. The USITC also issued remedial orders in seven investigations, as follows: *Certain Multiple Mode Outdoor Grills and Parts Thereof*, 337-TA-895; *Certain Crawler Cranes and Components Thereof*, 337-TA-887; *Certain Opaque Polymers* 337-TA-883; *Certain Loom Kits for Creating Linked Articles*, 337-TA-923; *Certain Toner Cartridges and Components Thereof*, 337-TA-918; *Certain Marine Sonar Imaging Systems, Products Containing the Same, and Components Thereof*, 337-TA-926; and *Certain Marine Sonar Imaging Devices, Including Downscan and Sidescan Devices, Products Containing the Same, and Components Thereof*, 337-TA-921. The presidential review periods in Investigations 337-TA-926 and 337-TA-921 are not yet complete. Otherwise, all of these orders became final after policy review.

**Section 201**

Section 201 of the Trade Act of 1974 provides a procedure whereby the President may grant temporary import relief to a domestic industry if increased imports are a substantial cause of serious injury or the threat of serious injury. Relief may be granted for an initial period of up to four years, with the possibility of extending the relief to a maximum of eight years. Import relief is designed to redress the injury and to facilitate positive adjustment by the domestic industry; it may consist of increased tariffs, quantitative restrictions, or other forms of relief. Section 201 also authorizes the President to grant provisional relief in cases involving "critical circumstances" or certain perishable agricultural products.

For an industry to obtain relief under Section 201, the USITC must first determine that a product is being imported into the United States in such increased quantities as to be a substantial cause (a cause which is important and not less than any other cause) of serious injury, or the threat thereof, to the U.S. industry producing a like or directly competitive product. If the USITC makes an affirmative injury determination (or is equally divided on injury) and recommends a remedy to the President, the President may provide relief either in the amount recommended by the USITC or in such other amount as he finds appropriate. The criteria for import relief in Section 201 are based on Article XIX of the GATT 1994 – the so-called "escape clause" – and the WTO Agreement on Safeguards.

As of January 1, 2016, the United States had no measures in place under Section 201. The United States did not impose any Section 201 measures during 2015, and did not commence any safeguard investigations.

# 7. Trade Adjustment Assistance

### Overview and Assistance for Workers

The Trade Adjustment Assistance for Workers (TAA), Alternative Trade Adjustment Assistance (ATAA), and Reemployment Trade Adjustment Assistance (RTAA) programs are authorized under Title II of the Trade Act of 1974, as amended. These programs, collectively referred to as the Trade Adjustment Assistance Program (TAA Program), provide assistance to workers who have been adversely affected by foreign trade.

The Trade Adjustment Assistance Reauthorization Act of 2015 (TAARA 2015), title IV of the Trade Preferences Extension Act of 2015 (Public Law 114-27), was signed into law by President Barack Obama on June 29, 2015. The TAARA 2015 ensures that workers harmed by foreign trade have the best opportunity to acquire skills and credentials to get good jobs. The TAA Program offers trade-affected workers the best opportunity to retrain and retool for the 21st century economy, ensuring that these workers enjoy quality employment and obtain a middle class standard of living.

The TAA Program currently offers the following services to eligible workers: training, out of area job search and relocation allowances, weekly income support (Trade Readjustment Allowances (TRA)), wage supplements for older workers (RTAA), and a health coverage tax credit to eligible TAA recipients. In FY 2015, $507,434,200 was allocated to State Governments to fund these benefits and services. This included $235,726,200 for "Training and Other Activities," which includes funds for training, job search allowances, relocation allowances, employment and case management services, and related state administration; $241,135,000 for TRA benefits; and $30,573,000 for ATAA/RTAA benefits.

For a worker to be eligible to apply for TAA, the worker must be part of a group of workers that is the subject of a petition filed with the U.S. Department of Labor (DOL). Three workers of a company, a company official, a union or a duly authorized representative, or the American Job Center operator or partner may file a petition with the DOL. In response to the filing, DOL conducts an investigation to determine whether foreign trade was an important cause of the workers' job loss or threat of job loss. If the DOL determines that the workers meet the statutory criteria for group certification of eligibility for the workers in the firm to apply for TAA, DOL will issue a certification.

The DOL administers the TAA program through the Employment and Training Administration (ETA), with state governments administering TAA benefits on behalf of the United States for members of TAA-certified worker groups. Once covered by a certification, individual workers apply for benefits and services through the rebranded American Job Center network. American Job Centers can be located on the Internet at http://www.servicelocator.org, http://www.jobcenter.usa.gov, or by calling 1-877-US2-JOBS. Most benefits and services have specific individual eligibility criteria that must be met, such as previous work history, unemployment insurance eligibility, and individual skill levels.

### Trade Adjustment Assistance for Farmers

On January 6, 2015, the U.S. Congress passed the Trade Preferences Extension Act of 2015, which reauthorized the TAA for Farmers Program for fiscal years 2015 through 2021. However, the U.S.

Congress did not appropriate funding for new participants for FY 2015. As a result, USDA did not accept any new petitions or applications for benefits in FY 2015.

**Assistance for Firms and Industries**

The U.S. Economic Development Administration's (EDA) Trade Adjustment Assistance for Firms Program (the TAAF Program) is authorized by chapters 3 and 5 of title II of the Trade Act of 1974, as amended (19 U.S.C. § 2341 et seq.) (Trade Act). Public Law 93-618, as amended, provides for trade adjustment assistance for firms and industries (19 USC §§2341-2355; 2391). The Trade Preferences Extension Act (P.L. 114-27), Title IV of the Act, entitled the "Trade Adjustment Assistance Reauthorization Act of 2015," authorizes the TAAF Program through June 30, 2022.

The TAAF Program provides technical assistance to help U.S. firms experiencing a decline in sales and employment to become more competitive in the global marketplace. To be certified for the program, a firm must show that an increase in imports of like or directly competitive articles contributed importantly to the decline in sales or production and to the separation or threat of separation of a significant portion of the firm's workers. The Secretary of the U.S. Commerce Department is responsible for administering the TAAF Program and has delegated the statutory authority and responsibility under the Trade Act to the U.S. Department of Commerce's Economic Development Administration (EDA). The U.S. Economic Development Administration's regulations implementing the TAAF Program are codified at 13 CFR Part 315 and may be accessed at: http://www.gpo.gov/fdsys/pkg/FR-2014-12-19/pdf/2014-28806.pdf.

In Fiscal Year (FY) 2015, EDA awarded a total of $20 million in TAAF Program funds to its national network of 11 Trade Adjustment Assistance Centers, each of which is assigned a different geographic service area. During FY 2015, EDA certified 113 petitions for eligibility and approved 120 adjustment proposals.

Additional information on the TAAF Program (including eligibility criteria and application process) is available at http://www.eda.gov/about/investment-programs.htm.

## 8. United States Preference Programs

**Overview**

The United States has a number of programs designed to encourage economic growth in developing countries by offering access to the U.S. market in the form of preferential duty reduction or elimination for eligible imports. These programs are: the African Growth and Opportunity Act (AGOA), the Generalized System of Preferences (GSP), and the Caribbean Basin Initiative (CBI) Individual countries may be covered by more than one program. In such countries, exporters may choose among programs when seeking preferential access to the U.S. market.

U.S. imports benefiting from preferential access under these programs totaled an estimated $26.9 billion during 2015, down 17 percent from 2014. This compares to an overall 4.2 percent decrease in total U.S. goods imports for consumption from the world over the same period. The decrease was largely due to a 33 percent decline ($3.9 billion) in the value of U.S. imports under AGOA (excluding GSP) due mainly to a decline in U.S. mineral fuel imports (mostly oil) (down 43 percent/$3.9 billion). The decrease is also attributable to a $1.3 billion decline in U.S. imports under GSP due to a decline in U.S. mineral fuel and iron and steel imports.

As a share of total U.S. goods imports for consumption, imports under the U.S. preference programs decreased from 1.4 percent in 2014 to 1.2 percent in 2015. Again, the decrease appears to be attributable largely to the decline in AGOA imports. Each program's respective share of total U.S. preferential imports in 2015 was as follows: GSP, 65 percent; AGOA (excluding GSP), 30 percent; and the Caribbean Basin Initiative (CBI), 6 percent. Trade under each program (AGOA, GSP, and CBI/CBTPA) decreased in 2015. See the sections below for more information on developments related to specific preference programs.

**Generalized System of Preferences**

*History and Purposes*

The U.S. Generalized System of Preferences (GSP) program was initially authorized by the Trade Act of 1974 (19 U.S.C. §§ 2461 et seq.) for a ten-year period, beginning on January 1, 1976. Congress has extended the program 13 times, most recently in June 2015. The GSP program lapsed from July 31, 2013 through July 28, 2015. During this time, products that would otherwise have been eligible for duty-free treatment under GSP were subject to the most favored nation rate. On June 29, 2015, President Obama signed legislation to reauthorize the GSP program through December 31, 2017, with benefits retroactive to July 31, 2013. As a result, GSP-eligible goods arriving in the United States on or after July 29, 2015 were once again eligible upon entry for duty-free treatment under GSP. The retroactive reauthorization enabled importers to request a refund of duties paid on eligible products during the program's lapse.

The GSP program is designed to promote economic growth in the developing world by providing preferential duty-free entry for a wide range of products imported from designated beneficiary countries and territories. An underlying principle of the GSP program is that the creation of trade opportunities for developing countries is an effective way of encouraging broad-based economic development and an important means of sustaining momentum for economic reform and liberalization in these countries. The GSP program also helps to lower the cost of imported goods for U.S. consumers and businesses, including inputs used to manufacture goods in the United States.

*Beneficiaries*

As of January 1, 2016, there were 122 designated GSP beneficiary developing countries (BDCs) and territories, including 43 countries and territories that are least-developed beneficiary developing countries (LDBDCs), which are eligible for a broader range of duty-free benefits.

On September 30, 2015, the President announced that Seychelles, Uruguay, and Venezuela had become "high income" countries as defined by the World Bank and that, consistent with the GSP statute, they would be graduated from eligibility for GSP trade benefits effective January 1, 2017.

Through various mechanisms, the GSP program encourages beneficiaries to: (1) eliminate or reduce significant barriers to trade in goods, services, and investment; (2) take steps to afford workers' internationally recognized worker rights; and (3) provide adequate and effective intellectual property rights protection and enforcement. U.S. industry has noted that a country's participation in the GSP program helps to promote a business and investment environment that benefits U.S. investors as well as the beneficiary countries.

*Eligible Products*

At the end of 2015, approximately 5,000 products were eligible for duty-free treatment under GSP, with nearly 1,500 products reserved for LDBDCs only. The list of GSP-eligible products from all beneficiaries includes most dutiable manufactures and semi-manufactures; selected agricultural and fishery products;

and many types of chemicals, minerals, and building materials that are not otherwise duty-free. The GSP statute precludes certain import-sensitive articles from receiving GSP treatment, including most textiles and apparel, watches, most footwear, and some gloves and leather products.[31] The products that receive preferential market access only when imported from LDBDCs include crude petroleum, certain refined petroleum products, certain chemicals, plastics, animal and plant products, prepared foods, beverages, and rum, as well as many other products.

Although GSP benefits for textiles and apparel are limited, certain handmade folkloric products are among the textile products eligible for GSP treatment. Currently, the United States has agreements providing for certification and GSP eligibility of certain handmade, folkloric products with the following BDCs: Afghanistan, Botswana, Cambodia, Egypt, Jordan, Mongolia, Nepal, Pakistan, Paraguay, Thailand, Timor-Leste, Tunisia, Turkey, and Uruguay.

*Program Results*

- Value of Trade Entering the United States under the GSP program: The value of U.S. imports claimed under the GSP program in 2015 was $17.4 billion, a 6.9 percent decrease compared to 2014. By comparison, total U.S. imports of all products (both GSP eligible and non-eligible products) from GSP beneficiary countries decreased by 13.5 percent, by value, over the same period.[32] The decrease in trade under GSP in 2015 may be attributable in part to the decrease in GSP imports of petroleum products from Angola, which fell to almost zero in 2015, and the graduation of Russia from the GSP program in 2014. In 2014, Angola and Russia combined accounted for seven percent of GSP imports. In addition, the lapse in GSP authorization from July 2013 through July 2015 may have also contributed to the decrease in GSP trade as U.S. importers sought alternative sources for previously GSP-eligible products.[33]

  Top U.S. imports under the GSP program in 2015, by trade value, were motor vehicle parts, ferroalloys, worked monumental or building stone and articles thereof, electric motors and generators, jewelry of precious metal, air conditioning machines, transmission shafts and cranks, new pneumatic rubber tires, flavored waters including mineral and aerated waters, and taps, cocks, and valves for pipes, boiler shells, tanks and parts thereof.

  In 2015, based on trade value, the top five GSP BDC suppliers were, in order, India, Thailand, Brazil, Indonesia, and the Philippines. Ten of the top 50 GSP BDCs in 2015 were LDBDCs. In order of GSP trade value, these were Congo (DRC), Cambodia, Malawi, Mozambique, Ethiopia, Nepal, Madagascar, Zambia, Bhutan, and Solomon Islands.

- The GSP Program's Contribution to Economic Development in Developing Nations: The GSP program helps countries diversify and expand their exports, an important development goal. Several GSP beneficiaries witnessed significant increases in GSP trade in 2015, including Tunisia, Uruguay, Cambodia, and Ghana. Diversification of exports under GSP also enhances the productive capacity and competitiveness of beneficiary countries with respect to their exports to markets other than the United States.

[31] The Trade Preferences Extension Act of 2015 (Public Law 114-27), allows certain handbags, luggage, and flat goods to be considered for designation for duty-free treatment under GSP. These products were previously prohibited by law (19 USC 2463) from receiving GSP treatment.
[32] Based on GSP-eligible countries as of July 31, 2015.
[33] Although GSP benefits were restored retroactively to July 2013, the 24-month lapse in GSP authorization appears to have been a factor in the overall reduction of GSP-eligible imports in 2015.

- Efforts to promote wider distribution of the use of GSP benefits among beneficiaries: As directed by the U.S. Congress, the Administration has sought to broaden the use of the GSP program's benefits among beneficiary countries. Following reauthorization of GSP in June 2015, USTR facilitated or carried out GSP outreach activities in Sri Lanka, Pacific Island countries, and Ukraine. For additional details and multiple-language GSP guides and country-specific analyses, go to "GSP in Use – Country Specific Information" under "Generalized System of Preferences" on the USTR website at https://ustr.gov/issue-areas/trade-development/preference-programs/generalized-system-preferences-gsp/gsp-use-%E2%80%93-coun.

- Benefits to the U.S. Economy: The GSP program helps not only beneficiary developing countries but also U.S. businesses. The program is a significant source of imports and products for U.S. businesses, including small and medium sized companies. The GSP program also helps reduce costs for U.S. manufacturers that utilize inputs that are not produced or available domestically thereby helping to improve the competitiveness of U.S. manufacturing.

*Annual Reviews*

The GSP Annual Review provides an opportunity to add or remove countries and/or products from eligibility under GSP based on petitions submitted by stakeholders and taking into account shifting market conditions (with respect to products) and concerns about individual beneficiaries' conformity with the statutory criteria for eligibility.

*Conclusion of the 2014-2015 GSP Limited Product Review*

The results of the 2014-2015 GSP Limited Product Review, which was launched in July 2015 following reauthorization of the program, were announced in a Presidential Proclamation dated September 30, 2015. Among other determinations, five upland cotton fiber products were designated for duty-free treatment under GSP when imported from LDBDCs. In addition, three products from Ukraine and one product from Indonesia were redesignated for GSP eligibility for those respective countries, two petitions for a competitive need limitation (CNL) waiver were granted, and CNL waivers for three products from certain countries were revoked. The Proclamation and a complete list of the results are available on the "GSP: 2014-2015 Limited Product Review" page on the USTR website at https://ustr.gov/issue-areas/preference-programs/generalized-system-preferences-gsp/current-reviews/gsp-20142015.

With the June 2015 reauthorization of the GSP program, the GSP Subcommittee of the Trade Policy Staff Committee (TPSC) considered several petitions to withdraw or limit a country's GSP benefits for not meeting certain GSP eligibility criteria. On November 25, 2015, USTR announced that it had closed, with no change to GSP benefits, the country practice case regarding worker rights in the Philippines in view of the progress made by the government of the Philippines in addressing worker rights issues. In the same announcement, USTR also accepted for formal review a country practice petition on Thailand, submitted prior to the expiration of the GSP program in July 2013, regarding worker rights and forced labor issues. Other outstanding country practice petitions that remained under review at year's end include petitions on Indonesia, Ukraine, and Uzbekistan regarding IPR protection, petitions on Fiji, Georgia, Iraq, Niger, and Uzbekistan regarding worker rights or child labor concerns, and a petition on Ecuador regarding arbitral awards. For a complete list of the country practice petitions that remained under review as of December 2015, go to https://ustr.gov/issue-areas/trade-development/preference-programs/generalized-system-preference-gsp/current-review-0. Country eligibility reviews for Burma and Laos launched in 2013 also remained pending at the end of 2015.

*2015/2016 GSP Annual Review*

On August 19, 2015, a notice was published in the *Federal Register* launching the 2015 GSP Annual Review. That notice is available at http://www.regulations.gov/#!documentDetail;D=USTR-2015-0013-0001. Petitions submitted in response to that notice may be found at the same web site. Results from the 2015/2016 review are expected to be announced in June 2016.

**The African Growth and Opportunity Act**

The African Growth and Opportunity Act (AGOA), enacted in 2000, is a key element of U.S. economic policy in and engagement with Africa, providing eligible sub-Saharan African countries with duty-free access to the U.S. market for over 1,800 products beyond those eligible under the GSP program. The additional products include value-added agricultural and manufactured goods such as processed food products, apparel, and footwear. In 2015, 39 sub-Saharan African countries were eligible for AGOA benefits.

*AGOA Renewal*

On June 29, 2015, President Obama signed into law the Trade Preferences Extension Act of 2015 (TPEA), which extended AGOA for 10 years through 2025, including the third-country fabric provisions. The TPEA also enhanced AGOA in a number of other ways, including promoting greater regional integration by expanding the rule of origin; encouraging the development by AGOA beneficiaries of utilization strategies to improve AGOA's effectiveness and use; and outlining a path for deepening and expanding trade and investment ties with AGOA-eligible countries.

The TPEA provides additional tools to promote compliance with AGOA eligibility criteria, including by providing greater flexibility to withdraw, suspend, or limit benefits under AGOA if it is determined that such action would be more effective than termination of AGOA eligibility. The TPEA improves transparency and participation in the AGOA review process and creates a public petition process to review a country's AGOA eligibility. In addition, the TPEA authorizes USTR to initiate out-of-cycle reviews of a country's eligibility and requires that the Administration initiate an out-of-cycle review of South Africa's eligibility due to congressional concerns that South Africa maintains several long-standing barriers to U.S. trade and investment.

*AGOA Eligibility Review*

AGOA requires the President to determine annually which of the sub-Saharan African countries listed in the Act are eligible to receive benefits under the legislation. These decisions are supported by an annual interagency review, chaired by USTR, that examines whether each country already eligible for AGOA has continued to meet the eligibility criteria and whether circumstances in ineligible countries have improved sufficiently to warrant their designation as an AGOA beneficiary country. The AGOA eligibility criteria include, among others, establishing or making continual progress in establishing a market-based economy, rule of law, poverty-reduction policies, a system to combat corruption and bribery, and protection of internationally recognized workers' rights. AGOA also requires that eligible countries do not engage in activities that undermine U.S. national security or foreign policy interests, or engage in gross violations of international human rights. The annual review takes into account information drawn from U.S. Government agencies, the private sector, civil society, and prospective beneficiary governments. Through the AGOA eligibility review process, the annual AGOA Forum meeting *(see below)*, and ongoing dialogue with AGOA partners, AGOA provides incentives to promote economic and political reform as well as trade expansion in AGOA-eligible countries in support of broad-based economic development. The regular annual review in 2015 resulted in the withdrawal of Burundi's AGOA eligibility, effective January 1, 2016, due to concerns in meeting eligibility criteria related to human rights, governance, and rule of law issues.

An out-of-cycle review of South Africa's AGOA eligibility was initiated on July 21, 2015. On November 5, 2016 President Obama determined that South Africa had not made continual progress toward the elimination of several longstanding barriers to U.S. trade and investment, including unwarranted barriers to U.S. poultry, pork, and beef, and, therefore, was out of compliance with AGOA eligibility requirements. As a result, the President notified Congress and the Government of South Africa of his intent to suspend duty-free treatment for all AGOA-eligible agricultural goods from South Africa effective January 4, 2016. On January 11, 2016, the President issued a proclamation that would suspend South Africa's AGOA benefits in the agricultural sector, with an effective date for the suspension of March 15, 2016, to allow South Africa time to implement actions negotiated in early January to resolve the outstanding barriers to U.S. trade.

*AGOA Forum*

The United States-Sub-Saharan Africa Trade and Economic Cooperation Forum, informally known as the "AGOA Forum," is an annual ministerial level meeting with AGOA eligible countries. At the August 2015 AGOA Forum in Gabon, U.S. Trade Representative Michael Froman and senior officials from more than a dozen U.S. Government agencies met with numerous African trade ministers, leaders of African regional economic organizations, and representatives of the African and American private sectors and civil society to discuss issues and strategies for advancing trade, investment, and economic development in Africa, as well as ways to increase two-way U.S.-African trade in light of the recent 10-year extension of AGOA. During his remarks to Forum delegates, Ambassador Froman noted that the Administration will begin a dialogue with stakeholders on the vision for the U.S.-Africa trade and investment relationship, moving beyond AGOA's unilateral preferences to a more mature, reciprocal trade and investment relationship that reflects the realities of today's global trading system. To this end, Ambassador Froman announced the launch of a strategic review to look at past experiences and emerging trends, and to identify building blocks that will help establish a more sustainable post-AGOA U.S.-Africa trade and investment partnership, the results of which will be shared in a report that USTR will send to Congress.

Total AGOA (including GSP) imports declined to $9.27 billion in 2015 compared to $14.25 billion in 2014 mostly due to sharp declines in AGOA imports of oil and minerals and metals. Oil imports under AGOA declined (48%) to $5.15 billion in 2015 compared to $9.86 billion in 2014. AGOA non-oil trade declined (6.8%) to $4.1 billion in 2015 from $4.4 billion in 2014, primarily due to a sharp decline in minerals and metals imports under AGOA (down 37% to $608.9 million). AGOA transportation equipment trade increased to $1.53 billion in 2015 from $1.45 billion in 2014. There were slight increases in AGOA apparel trade ($992.5 million in 2015 compared to $991.0 million in 2014) and footwear trade ($20.2 million in 2015 compared to $19.7 million in 2014).

While AGOA agriculture trade was slightly lower in 2015 ($478.6 million compared to $479.9 million in 2014), there were notable increases in various sectors. Edible fruits and nuts increased by 34% to $186.4 million; prepared vegetables, fruit, and nuts increased 22% to $31 million; and cut flowers increased 12% to $15.1 million.

Top U.S. imports under the AGOA program in 2015, by trade value, were mineral fuels, motor vehicles and parts, woven apparel, knit apparel, and iron and steel. In 2015, based on trade value, the top five AGOA suppliers were, in order, South Africa, Angola, Chad, Nigeria, and Kenya.

**Caribbean Basin Initiative**

The Caribbean Basin Initiative (CBI) is the term used to describe a collection of legislation that offers duty-relief for Caribbean imports into the United States, providing Caribbean products with a tariff advantage over other competing producers from developed countries with which the United States does not have such

tariff preference programs. During 2015, the CBI remained a vital element in the United States' economic relations with its neighbors in Central America and the Caribbean.

The CBI began with the Caribbean Basin Economic Recovery Act (CBERA) and subsequently was expanded through the United States-Caribbean Basin Trade Partnership Act (CBTPA). By the end of 2015, 17 countries and territories receive benefits under the program: Antigua and Barbuda, Aruba, The Bahamas, Barbados, Belize, British Virgin Islands, Curaçao, Dominica, Grenada, Guyana, Haiti, Jamaica, Montserrat, St. Kitts and Nevis, St. Lucia, St. Vincent and the Grenadines, and Trinidad and Tobago. Countries which have bilateral trade agreements with the United States cease to be designated as eligible for CBI benefits under the CBERA or CBTPA. When CAFTA-DR went into force for Costa Rica, El Salvador, Guatemala, Honduras, Nicaragua, and the Dominican Republic, each country ceased to be designated as a CBERA and CBTPA beneficiary. The same occurred in the case of Panama when the United States-Panama Trade Promotion Agreement entered into force on October 31, 2012.

CBI benefits were further expanded with the Haitian Hemispheric Opportunity through Partnership Encouragement Act of 2006 (HOPE Act), the HOPE II Act of 2008 (HOPE II Act), and the Haitian Economic Lift Program Act of 2010 (HELP Act), which provided Haiti preferential treatment for its textile and apparel products. The U.S. Government has continued to work closely with the government of Haiti and other national and international stakeholders to promote the viability of Haiti's apparel sector, to facilitate producer compliance with labor eligibility criteria, and to ensure full implementation of the Technical Assistance Improvement and Compliance Needs Assessment and Remediation (*see* https://ustr.gov/sites/default/files/Final%20Report%20Haiti%20HOPE%20II%202015.pdf) requirements in accordance with the provisions of the HOPE II Act. In June 2015, the Trade Preferences Extension Act of 2015 (TPEA) extended trade benefits provided to Haiti in the HOPE Act, HOPE II Act, and the HELP Act until September 30, 2025. The TPEA also extended the value-added rule for apparel articles wholly assembled or knit-to-shape in Haiti until December 19, 2025.

Since its inception, the CBI program has helped beneficiary countries diversify their exports. On a region-wide basis, this export diversification has led to a more balanced production and export base and has reduced the region's vulnerability to fluctuations in markets for traditional products. In conjunction with economic reform and trade liberalization by these countries, the trade benefits of CBI have contributed to their economic growth. In December 2015, USTR submitted its most recent biannual report to the U.S. Congress on the operation of the CBERA and its companion programs under the CBI. The report can be found on the USTR website, https://ustr.gov/issue-areas/trade-development/preference-programs/caribbean-basin-initiative-cbi.

*Program Results:*

- The total value of U.S. imports from beneficiary countries in 2014 was $8.2 billion, a decrease of $687.7 million from the previous year and of $3.6 billion from 2012. The decline in U.S. imports from CBI beneficiaries in both 2013 and 2014 was mostly due to a sharp decrease in U.S. imports of crude petroleum and refined petroleum products, reflecting falling U.S. consumption, coupled with increased U.S. production of crude petroleum. The shut down and maintenance of several refinery plats by Trinidad's Petrotrin refinery may also have impacted imports.

- The CBI's share of total U.S. imports was 0.4 percent in 2014 and 2013. While the overall value of imports is small, imports under CBI tariff preferences accounted for relatively significant proportions of total U.S. imports from several beneficiary countries.

- The total value of U.S. exports to beneficiary countries was $12.8 billion in 2014,[34] up $314.6 million from 2013, but down $6.5 billion from 2012, due primarily to the entry into force of the U.S.-Panama TPA. The CBI's share of total U.S. exports was 0.9 percent in 2014 and 2013. The CBI region as a whole ranked as the 23rd largest market for U.S. exports.

[34] Domestic exports, free alongside ship (F.A.S.) value.

# VI. TRADE POLICY DEVELOPMENT

## A. Trade Capacity Building ("Aid for Trade")

The President's approach to global development, as outlined in the Presidential Policy Directive on Global Development released on September 22, 2010, addresses the new strategic context faced by the United States through the following three pillars:

- A policy focused on sustainable development outcomes that places a premium on broad-based economic growth, democratic governance, game-changing innovations, and systems for meeting basic human needs;

- A new operational model that positions the United States to be a more effective partner and to leverage U.S. leadership; and

- A modern architecture that elevates development and harnesses development capabilities spread across the U.S. Government in support of common objectives – including a deliberate effort to leverage the engagement of and collaboration with other donors, foundations, the private sector, and NGOs – not just at the project level, but systemically.

USTR participated actively in the preparation of this strategy and remains active in its implementation. USTR has continued to work closely with the U.S. Department of State, USAID, MCC, USDA, and other U.S. Government agencies to support countries in their capacity to trade, as described in this section.

Trade policy and development assistance are key tools that together can help alleviate poverty and improve economic opportunities. Through "Aid for Trade," the United States focuses on helping developing countries integrate into the global trading community. Support to countries, in the form of training and technical assistance can help them make decisions regarding the benefits of trade arrangements and reforms; implement their obligations under international and regional agreements to bring certainty to their trade regimes; and enhance these countries' ability to take advantage of the opportunities of the multilateral trading system and compete in a global economy. Accordingly, U.S. assistance addresses a broad range of issues so that communities, rural areas, and small businesses, including female entrepreneurs, benefit from ambitious reforms in trade rules negotiated in the WTO and in other trade fora.

An important element of this work involves coordinating U.S. Government technical assistance activities with those of international institutions in order to identify and take advantage of donor synergies in programming and avoid duplication. Such institutions include the WTO, the World Bank, the IMF, the regional development banks, and the United Nations. The United States, led by USTR at the WTO and by the U.S. Department of the Treasury at various international financial bodies, works in partnership with these institutions and other donors to ensure that, where appropriate, trade-related assistance is an integral component of development programs tailored to the circumstances within each developing country.

U.S. efforts build on our longstanding commitment to help partner countries benefit from the opportunities provided by the global trading system, both through bilateral assistance and multilateral institutions. U.S. bilateral assistance includes programs such as targeted assistance for developing countries participating in U.S. preference programs; coordination of assistance through Trade and Investment Framework Agreements (TIFAs); trade capacity building (TCB) working groups that are an integral part of preparing developing country partners for potential negotiations on Free Trade Agreements (FTAs); and Committees on TCB created to aid in the negotiation and/or implementation of a number of FTAs, including the FTAs

with the Dominican Republic and Central America, Colombia, Panama, and Peru, and for some partners in the ongoing Trans-Pacific Partnership negotiations. The United States also provides bilateral assistance to developing countries to enable them to work with the private sector and nongovernmental organizations to transition to a more open economy, to prepare for WTO negotiations, and to abide by their trade obligations. Multilaterally, the United States has and will continue to support trade-specific assistance mechanisms like the Enhanced Integrated Framework for Trade-Related Assistance to Least-Developed Countries and the WTO's Global Trust Fund for Trade-Related Technical Assistance.

## 1. The Enhanced Integrated Framework

The Enhanced Integrated Framework for Trade-Related Assistance to Least-Developed Countries (EIF) is a multi-organization, multi-donor program that operates as a coordination mechanism for trade-related assistance exclusively to least-developed countries (LDCs), with the overall objective of integrating trade into national development plans. Participating organizations include the WTO, World Bank, IMF, UNCTAD, UNDP, UNIDO (observer), UNOPS (as Trust Fund Manager), World Tourism Organization (UNWTO – observer), and the International Trade Center. The mechanism incorporates a country-specific diagnostic assessment, called the Diagnostic Trade Integration Study (DTIS), which aims to identify constraints to competitiveness, supply chain weaknesses, and sectors of greatest growth or export potential. The DTIS includes an action plan, consisting of a list of priority reforms identified by the DTIS, which is offered to multilateral and bilateral donors. Project design and implementation can be accomplished through the resources of the EIF Trust Fund or through multilateral or bilateral donor programs in the field (as the United States does through its development assistance programs).

The EIF aims to further the integration of LDCs into the multilateral trading system. Fifty countries have been engaged with the EIF, including three countries that have graduated from LDC status – Cabo Verde, Maldives, and Samoa. As of December 2015, a total of 142 projects, including 45 DTIS and DTIS updates, were already underway in 48 countries. The EIF is supported by 23 donors. Institutionally, the EIF is overseen by a Board of Directors, composed of donor countries, LDCs, and participating international organizations. The EIF Secretariat, led by an executive director, is responsible for programmatic implementation, while the EIF Trust Fund Manager is responsible for financial aspects of the program.

The United States supports the EIF primarily through complementary bilateral assistance to EIF participating countries. USAID bilateral assistance to LDC participants supports initiatives both to integrate trade into national economic and development strategies and to address high priority capacity building needs designed to accelerate integration into the global trading system.

LDCs, EIF partner agencies, and EIF donors, including the United States, engaged in intense reform and redesign efforts in 2015 to create a more effective and efficient EIF Phase Two (2016-2022) based on consultations and a 2014 Comprehensive Evaluation of EIF Phase 1 (2009-2017).

## 2. U.S. Trade-Related Assistance under the World Trade Organization Framework

International trade can play a major role in the promotion of economic growth and the alleviation of poverty. WTO Members recognize that TCB can facilitate effective integration of developing countries into the international trading system and enable them to benefit further from global trade. The United States provides leadership in promoting trade and economic growth in developing countries through a wide range of TCB activities. The United States also directly supports the WTO's trade-related technical assistance.

**Global Trust Fund**

The United States supports the trade-related assistance activities of the WTO Secretariat through voluntary contributions to the DDA Global Trust Fund (DDAGTF). With an additional contribution of $1 million in November 2015, total U.S. contributions for WTO technical assistance have reached over $16 million since 2001. In 2015, the United States urged the Secretariat, in administering the funds, to devote particular attention to responding to requests for assistance from those developing country members working to implement the Trade Facilitation Agreement. In 2016, the United States will continue to serve on the Steering Committee that will evaluate WTO trade-related technical assistance from 2010 to 2015, including assistance funded by the DDAGTF, to assess effectiveness and efficiency.

**WTO's Aid for Trade Initiative**

The WTO's 2005 Hong Kong Ministerial Declaration created a new WTO framework to discuss and prioritize Aid for Trade. In 2006, the Aid for Trade Task Force was created to operationalize Aid for Trade efforts and offer recommendations to improve the efficacy and efficiency of these efforts among WTO Members and other international organizations. The United States continues to be an active partner in the Aid for Trade discussion.

**WTO and Trade Facilitation**

The United States has provided substantial assistance over the years in the areas of customs and trade facilitation, and remains committed to continued support in light of the WTO Trade Facilitation Agreement (TFA). Following conclusion of the TFA negotiations in December 2013, U.S. assistance helped prepare a number of countries to understand and implement the TFA. USAID supported over 28 countries in conducting WTO Trade Facilitation Needs assessments. Working with the Southern African Development Community, USAID assisted in creating a comprehensive trade facilitation plan for the regional economic community. Assistance has been provided to a number of the National Trade Facilitation Committees that are required under the TFA, for example in Ghana, Serbia, Vietnam, Guatemala and Honduras. Direct assistance in support of simplifying customs procedures was also provided in such places as Cote d'Ivoire, Chile, Malaysia and Vietnam. Several governments have also received assistance with implementing Single Window customs procedures through ASEAN and throughout Southern Africa.

On December 17, 2015, the Global Alliance for Trade Facilitation was launched during the 10th Ministerial Conference of the WTO as a unique, multi-stakeholder platform that leverages business and development expertise for commercially meaningful reforms. The United States catalyzed the creation of this initiative and is a founding donor, joined by the governments of Australia, Canada, Germany and the United Kingdom. The Secretariat of the Alliance is hosted by the Center for International Private Enterprise, the International Chamber of Commerce, and the World Economic Forum. The Alliance aims to accelerate ambitious trade facilitation reforms for robust economic growth and poverty reduction.

**WTO Accession**

The United States provides technical assistance to countries that are in the process of acceding to the WTO and for post-accession implementation. WTO accession assistance was specifically provided to Afghanistan, Laos, Liberia and Serbia in 2015. In addition, Albania, Georgia, Macedonia, Morocco, Nigeria, Nepal, Tajikistan, Ukraine, and Vietnam continue to receive assistance with implementing their membership commitments.

## 3. TCB Initiatives for Africa

Through bilateral and multilateral channels, the United States has invested more than $5.2 billion in trade-related projects in sub-Saharan Africa since 2001 to spur economic growth and alleviate poverty.

**Africa Competitiveness and Trade Expansion Initiative**

During the August 2014 African Leaders Summit (ALS), President Obama stated that the U.S. Government will be increasing its support for building trade and investment capacity in Africa. Through the African Competitiveness and Trade Expansion (ACTE) Initiative, the Administration committed to provide $30 million per year for FY 2012 through FY 2015 to improve Africa's capacity to produce and export competitive, value-added products, including those that can enter the United States duty free under the African Growth and Opportunity Act (AGOA), and to address supply-side constraints that impede African trade. ACTE has supported the work of three regional trade hubs in Africa, in the east, west and south; and has helped enhance trade opportunities for Africans and Americans alike. Prior to the ALS in August 2014, President Obama issued a Presidential Memorandum establishing an interagency Trade and Investment Capacity Building Steering Group tasked with providing recommendations for the coordinated, strategic use of U.S. Government programs aimed at supporting trade and investment capacity building efforts in sub-Saharan Africa. In concert with the Steering Group's work, the United States has now increased its commitment to trade and investment capacity building in the region to $75 million annually for FY 2015 and FY 2016. This increase in funding has permitted the broadening of the scope of the three hubs to become trade and investment hubs and the expansion of the Trade Africa initiative beyond the East African Community to new partnerships with Cote d'Ivoire, Ghana, Mozambique, Senegal, Zambia, and the Economic Community of West African States (ECOWAS). *(See the section on Sub-Saharan Africa, Chapter III.B.6, for more information on the Steering Group and Trade Africa.)*

**Assistance to West African Cotton Producers**

Since 2005, the United States has mobilized its development agencies, including USAID, USDA, and the U.S. Trade and Development Agency, to help the West African countries of Benin, Burkina Faso, Chad, Mali, and Senegal address obstacles they face in the cotton sector. A key element in U.S. assistance to the cotton sector in West Africa has been USAID's West Africa Cotton Improvement Program (WACIP), which was implemented from December 2006 to November 2013. The program has boosted the productivity and profitability of the cotton sector in these West African countries. The WACIP raised smallholder incomes and food security through increased cotton and rotational food crop yields.

With the completion of WACIP, USAID created a successor program, the C-4 Cotton Partnership (C4CP), which also aims to increase food security and incomes for cotton farmers in targeted areas of Benin, Burkina Faso, Chad and Mali (known as the four cotton-producing countries, or "C-4"). These programs are the U.S. Government's direct response to concerns raised by the C-4 at WTO meetings, and demonstrates U.S. support for increased cotton productivity and participation in world trade by the C-4. The C4CP will be implemented from 2014-2018 and will raise the incomes of cotton producers and processors by introducing competitive and sustainable strategies to boost farm productivity and improve post-harvest processes. The project works to forge partnerships with a wide array of regional and national actors and stakeholders in the value chains for cotton and its rotational crops in the C-4, to leverage resources and scale-up the dissemination of technical packages produced by the project. The project also addresses the challenges women face in cotton-producing households, introducing economic and social strategies to benefit these farmers.

The United States also provides complementary support to the cotton sector through other programs, including MCC compacts and USDA programs such as Food for Progress, the Borlaug Programs, and the Cochran Program.

## 4. Free Trade Agreements

In addition to the WTO programs, the United States helps U.S. FTA partners implement FTA commitments, and benefit over the long term through TCB working groups and other FTA-related projects. The United States and FTA partners have held TCB Committee meetings to prioritize and coordinate TCB activities during the transition and early implementation periods once an FTA enters into force. USAID and USDA, in Washington and through their field presence, along with a number of other U.S. Government assistance providers, actively participate in these working groups and committees so that identified TCB needs can be quickly and efficiently incorporated into ongoing regional and country assistance programs. The Committees on TCB also invite non-governmental organizations, representatives from the private sector, and international institutions to join in building the trade capacity of the countries in each region.

USTR works closely with USAID, the U.S. Department of State, and other agencies to track and guide the delivery of TCB assistance related to FTA commitments. Trade capacity building programs and planning in other areas continued throughout 2015. For example, USAID and other donors, including USDA, the Department of State, and the Department of Commerce, carried out bilateral and regional projects with the CAFTA-DR partner countries. The United States also works closely on a number of environmental and labor cooperation programs that support implementation of the environment and labor obligations in our trade agreements. (*For additional information, please refer to the individual country, region, labor, and environment-specific sections of this report.*)

## 5. Standards Alliance

In November 2012, the United States launched a new U.S.-sponsored assistance facility called the "Standards Alliance" with the goal of building capacity among developing countries to implement the WTO TBT Agreement. The Standards Alliance, initiated as a result of collaboration between USTR and USAID, provides resources and expertise to enable developing countries to strengthen implementation of the TBT Agreement. The focus of these efforts in developing countries is shaped through an interagency process guided by USTR and USAID, and includes efforts: to improve practices related to notification of technical regulations and conformity assessment procedures to the WTO; to strengthen domestic practices related to adopting relevant international standards; and to clarify and streamline regulatory processes for products. This program aims to reduce the costs and bureaucratic hurdles U.S. exporters face in foreign markets and increase the competitiveness of U.S. products, particularly in developing markets.

In May 2013, USAID entered into a public-private partnership with the American National Standards Institute (ANSI). (ANSI is the official U.S. representative to the International Organization for Standardization (ISO); its membership comprises numerous standards stetting organizations and firms.) The USAID-ANSI partnership coordinates private sector subject matter experts from ANSI member organizations in the delivery of training and other technical exchange with interested Standards Alliance countries on international standards and best practices. In coordination with USTR, the USAID-ANSI partnership includes activities in numerous markets representing a variety of geographical regions and levels of economic development. In consultation with TPSC member agencies and private sector experts, ANSI requested and reviewed applications for assistance based on consideration of bilateral trade opportunities, available private sector expertise that may be leveraged, demonstrated commitment and readiness for assistance, and potential development impact. Participating countries and regions for the first year include: Central America (CAFTA-DR, Panama), Colombia, the East African Community, Indonesia,

Middle East/North Africa, Peru, Southern Africa Development Community, and developing ASEAN members.

The highlights of Standards Alliance programming in 2015 include:

- A conference on the evaluation and use of food additives, held in El Salvador for eight Central American countries (January 2015);
- Publication of a uniform plumbing code for Indonesia, developed through an open, consensus process (March 2015);
- An exchange on good regulatory practices, held in South Africa with the South African Development Community (June 2015);
- A workshop on automotive standards and technical regulations held on the margins of the APEC Automotive Dialogue (August 2015); and
- A workshop in Colombia on the WTO Code of Good Practice (May 2015) and an orientation visit by Colombian officials to Washington to meet with U.S. regulators, standards organizations, and other stakeholders (December 2015).

Beginning in late 2015, the Standards Alliance increased the number of participating countries to include additional countries in sub-Saharan Africa. Staff from ANSI conducted a preliminary needs assessment in Ghana in October 2015, with additional assessments scheduled for 2016.

# B. Public Input and Transparency

Reflecting President Obama's commitment to an open policy system drawing from the widest array of stakeholders in business, civil society, academia, and other groups, USTR has broadened opportunities for public input, created new institutional guarantees of public access including the milestone appointment of a Chief Transparency Officer and the formalization of comprehensive Guidelines for Consultation and Engagement, and increased the transparency of trade policy through initiatives carried out by USTR's Office of Intergovernmental Affairs and Public Engagement (IAPE).

IAPE works with USTR's Office of Public and Media Affairs and with regional and functional offices across the agency to ensure that timely trade information is available to the public and disseminated widely to stakeholders. This is accomplished in part via USTR's interactive website; online postings of *Federal Register* Notices soliciting public comment and input and publicizing Trade Policy Staff Committee (TPSC) public hearings; increasing transparency in all trade negotiations; managing the agency's outreach and engagement to a diverse set of all stakeholder sectors including small and medium-sized businesses, agriculture groups, environmental organizations, industry groups, labor unions, consumer advocacy groups, non-governmental organizations, academia, think tanks, trade associations, and State and local Governments; and advocating the President's robust trade agenda to audiences at major domestic trade events and conferences. In addition to public outreach, IAPE is responsible for administering USTR's statutory advisory committee system created by the U.S. Congress under the Trade Act of 1974 as amended, as well as facilitating consultations with State and local Governments regarding the President's trade priorities and the status of current trade negotiations which may impact them. Each of these elements is discussed in turn below.

## 1. Transparency Guidelines and Chief Transparency Officer

The Bipartisan Congressional Trade Priorities and Accountability Act of 2015 marked a watershed not only in the ambitious negotiating objectives it set for the United States, but in the reforms it brings to the American trade policymaking process. The Act set a goal of improving Congressional oversight of

negotiations and enforcement, encouraging public participation in policymaking, broadening stakeholder access and input, and ensuring senior-level institutional attention to transparency across the range of USTR work. After its passage in June 2015, USTR formalized guidelines ensuring that policymaking reflects these priorities. These included:

- *Chief Transparency Officer:* The Act directed USTR to appoint a senior agency official to serve as Chief Transparency Officer, charged with taking concrete steps to increase transparency in trade negotiations, engage with the public, and consult with Congress on transparency policy. In September, Ambassador Froman appointed USTR General Counsel Timothy Reif to this position, drawing on Mr. Reif's unique depth of experience in legislation, work with Congress, and enforcement to ensure that the new position would be represented at a senior level at a critical time in trade policy, as negotiations on the Trans-Pacific Partnership (TPP) moved toward completion and negotiations continue on the Transatlantic Trade and Investment Partnership (T-TIP), the Trade in Services Agreement (TiSA), and the Environmental Goods Agreement (EGA), among others, and the implementation of the Information Technology Agreement (ITA)

- *Consultation with Congress:* Under the new transparency guidelines, USTR has formalized procedures to broaden access to negotiating texts and further encourage Congressional participation. For example, USTR will make U.S. text proposals and consolidated text of agreements under negotiation available to professional staff of the Committees on Finance and Ways and Means with an appropriate security clearance, professional staff from other Committees interested in reviewing text relevant to that Committee's jurisdiction, personal office staffers with appropriate clearance of a member of the Committees on Finance and Ways and Means, and personal office staff with appropriate clearance accompanying his or her Member of Congress. USTR will also accredit to negotiating rounds any member of the House or Senate Advisory Group on Negotiations, or any member designated a congressional advisor on trade policy and negotiations by the Speaker of the House or the President pro tempore of the Senate (in both cases after consultation with the Chairman and Ranking member of the appropriate committees of jurisdiction.

- *Public Engagement:* The new transparency guidelines also formalize existing and new means of access for the public and interested stakeholders to policymaking. These new means of access include regular information releases including the schedules of negotiating rounds, published summaries of negotiating objectives issued at least 30 days before initiating negotiations for a trade agreement, publication of Federal Register Notices for each agreement under consideration, public hearings on negotiations and other trade priorities (e.g. the hearing held in January 2016 on the future of U.S.-Africa trade relations); regular public events during negotiations in which stakeholders and the public can meet directly with USTR negotiators directly involved in particular agreements; and other means.

## 2. Public Outreach

### *Federal Register* Notices Seeking Public Input/Comments and Public Hearings

Throughout 2015, USTR issued no fewer than 11 *Federal Register* Notices online to solicit public comment on negotiations and policy decisions, on a wide range of issues including renewal of the African Growth and Opportunity Act and the review of South African AGOA eligibility, implementation of the WTO's Government Procurement Agreement, public input on the National Trade Estimate report for 2015, the functioning of the Generalized System of Preferences and the Caribbean Basin trade preference program,

and other topics. Public comments received in response to *Federal Register* Notices are available for inspection online at http://www.regulations.gov.

USTR also held public hearings regarding a variety of trade policy initiatives, including renewal of the African Growth and Opportunity Act, additions of products to the Generalized System of Preferences, and implementation of the Russian and Chinese WTO accession agreements. These hearings were web-cast live, and the submissions of all parties posted online.

**Policy Initiatives to Increase Transparency**

With the newly established guidelines in place, USTR continues to take steps in specific issue areas to increase transparency and augment opportunities for public input into policymaking and implementation of agreements. For example:

- *Transparency in Trans-Pacific Partnership Negotiations:* USTR worked with each TPP partner to plan events as part of negotiating rounds that were open to registered stakeholder participation. These events, including during the final round of negotiations in Atlanta in September-October 2015, included briefings from chief negotiators and provided multiple opportunities to provide input into the negotiations, including those with respect to chapters addressing agriculture, market access for industrial goods, environment, tobacco, investment, intellectual property and related issues. USTR also created opportunities for the public and other interested stakeholders to receive real-time, detailed briefings from senior USTR officials and technical leads of the TPP negotiations at the conclusion of negotiating rounds. After negotiating rounds, USTR offered briefings on an ongoing basis to state and local elected officials, as well as other stakeholder groups, to provide in-depth reviews of the status of the negotiations and the contents of particular chapters.

- USTR published the full text of the TPP Agreement on November 5, 2015, after the completion of legal scrub and well in advance of the legal requirement, accompanied by extensive and detailed chapter summaries and fact sheets explaining the agreement's contents and benefits for workers, manufacturers, ranchers, farmers, services providers, and others, and explaining their achievements in issues such as maintaining a free and open Internet, raising labor and environmental standards, and helping American small and medium-sized businesses export. The publication of the text was preceded by an extensive review of U.S. negotiating goals in the TPP published on-line before the final set of negotiations, and comprehensive examinations of TPP's environment, labor, and tariff-reduction provisions in both hard-copy and digital form.

- *Inclusion of Stakeholders in the Transatlantic Trade and Investment Partnership (T-TIP) Negotiations:* Stakeholder engagement events are an important opportunity for USTR and its trade negotiators to receive feedback on the ongoing talks, with the aim of ensuring the strongest possible outcomes for trade negotiations. In 2015, USTR hosted a stakeholder forum at every U.S. hosted round of the T-TIP. These events included over 350 global stakeholders at each forum. Stakeholders were invited to give presentations, engage with negotiators, and attend briefings hosted by the U.S. and EU Chief Negotiators. This was in addition to telephone calls USTR has hosted with large public participation from across the country on key trade issues on a regular basis. USTR held additional stakeholder meetings specifically on issues related to the T-TIP on a regular basis.

**Open Door Policy**

USTR officials, including Ambassador Froman, meet frequently with a broad array of stakeholders, including agricultural commodity groups and farm associations, labor unions, environmental organizations, consumer groups, large and small businesses, faith groups, development and poverty relief organizations, other public interest groups, State and local Governments, NGOs, think tanks, and academics to discuss specific trade policy issues, subject to negotiator availability and scheduling.

## 3. The Trade Advisory Committee System

The trade advisory committee system, established by the U.S. Congress by statute in 1974, was created to ensure that U.S. trade policy and trade negotiating objectives adequately reflect U.S. public and private sector interests. Substantially broadened and reformed over the subsequent four decades, the system remains in the 21st century a central means of ensuring that USTR's senior officers and line negotiators receive ideas, input, and critiques from a wide range of public interests. The system now consists of 28 advisory committees, with a total membership of up to approximately 700 advisors. USTR manages the advisory committee system, in collaboration with the U.S. Departments of Agriculture, Commerce, and Labor, to ensure compliance with legal requirements. The advisory committee system includes the President's Advisory Committee for Trade Policy and Negotiations (ACTPN), five policy advisory committees, and 22 technical advisory committees in the areas of industry (ITACs) and agriculture (ATACs).

The trade advisory committees provide information and advice on U.S. negotiating objectives, the operation of trade agreements, and other matters arising in connection with the development, implementation, and administration of U.S. trade policy. Additional information on the advisory committees can be found on the USTR website at https://ustr.gov/about-us/advisory-committees.

In cooperation with the other agencies served by the advisory committees, USTR continues to look for ways to broaden the participation on committees to include a more diverse group of stakeholders, represent new interests, and fresh perspectives, and continues exploring ways to expand further representation while ensuring the committees remain effective.

Recommendations for candidates for committee membership are collected from a number of sources, including members of the U.S. Congress, associations and organizations, publications, other Federal agencies, responses to Federal Register Notices, and self-nominated individuals who have demonstrated an interest in, and knowledge of, U.S. trade policy. Membership selection is based on qualifications, diversity of sectors represented and geography, and the needs of the specific committee to maintain a balance of the perspectives represented. Committee members are required to have a security clearance in order to serve and have access to confidential trade documents on a secure encrypted website. Committees meet regularly in Washington, D.C. to provide input and advice to USTR and other agencies. Members pay for their own travel and related expenses.

**President's Advisory Committee on Trade Policy and Negotiations (ACTPN)**

The ACTPN consists of not more than 45 members who are broadly representative of the key economic sectors of the economy, particularly those most affected by trade. The President appoints ACTPN members to four year terms not to exceed the duration of the charter. The ACTPN is the highest level committee in the system that examines U.S. trade policy and agreements from the broad context of the overall national interest.

Members of ACTPN are appointed to represent a broad variety of entities, including non-Federal Governments, environmental organizations, labor unions, agricultural interests, technology, small business, service industries, and retailers. A current roster of ACTPN members and the interests they represent is available on the USTR website.

**Policy Advisory Committees**

Members of the five policy advisory committees are appointed by the USTR or in conjunction with other Cabinet officers. The Intergovernmental Policy Advisory Committee on Trade (IGPAC), the Trade and Environment Policy Advisory Committee (TEPAC), and the Trade Advisory Committee on Africa (TACA) are appointed and managed solely by USTR. Those policy advisory committees managed jointly with the U.S. Departments of Agriculture, and Labor are, respectively, the Agricultural Policy Advisory Committee (APAC), and the Labor Advisory Committee for Trade Negotiations and Trade Policy (LAC). Each committee provides advice based upon the perspective of its specific area and its members are chosen to represent the diversity of interests in those areas. A list of all the members of the Committees and the diverse interests they represent is available on the USTR website.

*Agricultural Policy Advisory Committee (APAC)*

The U.S. Secretary of Agriculture and the U.S. Trade Representative appoint members jointly. APAC members are appointed to represent a broad spectrum of agricultural interests including the interests of farmers, ranchers, processors, renderers, retailers, and public advocacy from diverse sectors of agriculture, including commodities, fruits and vegetables, livestock, dairy, sweeteners, wine and tobacco. Members serve at the discretion of the U.S. Secretary of Agriculture and the U.S. Trade Representative. The Committee consists of not more than 40 members.

*Intergovernmental Policy Advisory Committee on Trade(IGPAC)*

The IGPAC consists of not more than 35 members appointed from, and representative of, the various States and other non-Federal Governmental entities within the jurisdiction of the United States. These entities include, but are not limited to, the executive and legislative branches of State, County, and Municipal Governments. Members may hold elective or appointive office. Members are appointed by, and serve at the discretion of, the U.S. Trade Representative.

*Labor Advisory Committee (LAC)*

The LAC consists of not more than 30 members from the U.S. labor community, appointed by the U.S. Trade Representative and the Secretary of Labor, acting jointly. Members represent unions from all sectors of the economy including steel, automotive, aerospace, farmworkers, teachers, pilots, artists, machinists, service workers, and food and commercial workers. Members are appointed by, and serve at the discretion of, the U.S. Secretary of Labor and the U.S. Trade Representative.

*Trade Advisory Committee on Africa (TACA)*

TACA consists of not more than 30 members, including, but not limited to, representatives from industry, labor, investment, agriculture, services, academia, and non-profit development organizations. The members of the Committee are appointed to be broadly representative of key sectors and groups with an interest in trade and development in sub-Saharan Africa, including non-profit organizations, producers, and retailers. Members of the committee are appointed by, and serve at the discretion of, the U.S. Trade Representative.

*Trade and Environment Policy Advisory Committee (TEPAC)*

TEPAC consists of not more than 35 members, including, but not limited to, representatives from environmental interest groups, industry, services, academia, and non-Federal Governments. The Committee is designed to be broadly representative of key sectors and groups of the economy with an interest in trade and environmental policy issues. Members of the Committee are appointed by, and serve at the discretion of, the U.S. Trade Representative.

**Technical and Sectoral Committees**

The 22 technical and sectoral advisory committees are organized into two areas: agriculture and industry. Representatives are appointed jointly by the U.S. Trade Representative on the one hand and the U.S. Secretaries of Agriculture or Commerce, respectively, on the other. Each sectoral or technical committee represents a specific sector, commodity group, or functional area and provides specific technical advice concerning the effect that trade policy decisions may have on its sector or issue.

*Agricultural Technical Advisory Committees (ATACs)*

There are six ATACs, focusing on the following products: (1) Animals and Animal Products; (2) Fruits and Vegetables; (3) Grains, Feed, Oilseeds, and Planting Seeds; (4) Processed Foods; (5) Sweeteners and Sweetener Products; and, (6) Tobacco, Cotton, and Peanuts. Members of each Committee are appointed by, and serve at the pleasure of, the U.S. Secretary of Agriculture and the U.S. Trade Representative. Members must represent a U.S. entity with an interest in agricultural trade and should have expertise and knowledge of agricultural trade as it relates to policy and commodity-specific products. In appointing members to the committees, balance is achieved and maintained by assuring that the members appointed represent entities across the range of agricultural interests that will be directly affected by the trade policies of concern to the committee (for example, farm producers, farm and commodity organizations, processors, traders, and consumers). Geographical balance on each committee is also sought. A list of all the members of the committees and the diverse interests they represent is available on the U.S. Department of Agriculture website: http://www.fas.usda.gov/topics/trade-policy/trade-advisory-committees.

*Industry Trade Advisory Committees (ITACs)*

There are 16 industry trade advisory committees (ITACs). These committees are: Aerospace Equipment (ITAC 1); Automotive Equipment and Capital Goods (ITAC 2); Chemicals, Pharmaceuticals, Health/Science Products and Services (ITAC 3); Consumer Goods (ITAC 4); Distribution Services (ITAC 5); Energy and Energy Services (ITAC 6); Forest Products (ITAC 7); Information and Communication Technologies Services and Electronic Commerce (ITAC 8); Building Materials, Construction and Non-Ferrous Metals (ITAC 9); Services and Finance Industries (ITAC 10); Small and Minority Business (ITAC 11); Steel (ITAC 12); Textiles and Clothing (ITAC 13); Customs Matters and Trade Facilitation (ITAC 14); Intellectual Property Rights (ITAC 15); and Standards and Technical Trade Barriers (ITAC 16).

The ITAC Committee of Chairs was established to coordinate the work of the 16 ITAC committees and advise the U.S. Secretary of Commerce and the U.S. Trade Representative concerning the trade matters of common interest to the 16 ITACs. Members of this committee are the elected chairs from each of the 16 ITACs.

Members of the ITACs are appointed jointly by the U.S. Secretary of Commerce and the U.S. Trade Representative and serve at their discretion. Each of the Committees consists of not more than 50 members representing diverse interests and perspectives including, but not limited to, labor unions, manufacturers,

exporters, importers, service providers, producers, and representatives of small and large business. Committee members should have knowledge and experience in their industry or interest area, and represent a U.S. entity that has an interest in trade matters related to the sectors or subject matters of concern to the individual committees. In appointing members to the Committees, balance is achieved and maintained by assuring that the members appointed represent private businesses, labor unions, and other U.S. entities across the range of interests as provided in law in a particular sector, commodity group, or functional area that will be directly affected by the trade policies of concern to the Committee. A list of all the members of the Committees and the diverse interests the Committees and their respective memberships represent is available on the U.S. Department of Commerce website: http://ita.doc.gov/itac/.

## 3. State and Local Government Relations

USTR maintains consultative procedures between federal trade officials and State and local Governments. USTR's Office of IAPE informs the states, on an ongoing basis, of trade-related matters that directly relate to or may indirectly affect them. This is accomplished through a number of mechanisms, detailed below.

**State Point of Contact System and IGPAC**

*State Points of Contact*

For day-to-day communications, pursuant to the NAFTA and Uruguay Round implementing legislation and Statements of Administrative Action, USTR created a State Single Point of Contact (SPOC) system. The Governor's office in each state designates a single contact point to disseminate information received from USTR to relevant state and local offices and assist in relaying specific information and advice from states and localities to USTR on trade-related matters. USTR has worked with this point of contact, as well as the Governor's representative in Washington, D.C., and state organizations and associations, to update state and local offices through formalized briefings, calls and other forms of communication. Governors' staff receive USTR press releases, *Federal Register* Notices, and other pertinent information.

The SPOC network ensures that State Governments are promptly informed of Administration trade initiatives and it also enables USTR to consult with, and receive views and other input from, states and localities directly on trade matters that may affect those states and localities. SPOCs regularly receive USTR press releases, *Federal Register* Notices, and other pertinent information. USTR convenes a regular monthly conference call for SPOCs and members of the Intergovernmental Policy Advisory Committee (IGPAC) to keep State and local Governments apprised of timely trade developments of interest.

*Intergovernmental Policy Advisory Committee on Trade*

IGPAC makes recommendations to USTR and the Administration on trade policy matters from the perspective of State and local Governments. In 2015, IGPAC was briefed and consulted on trade priorities of interest to states and localities, including: the Trans-Pacific Partnership; the Trans-Atlantic Trade and Investment Partnership; the Trade in Services Agreement; and other matters.

**Meetings of State and Local Associations**

USTR officials frequently participate in meetings of State and local Government associations to apprise them of relevant trade policy issues and solicit their views. USTR senior officials have met with the National Governors' Association, regional governors' associations such as the Council of Great Lakes Governors, the National Conference of State Legislatures, and other state commissions and organizations. Engaging with the National Association of Attorneys General is critical for understanding concerns and

addressing issues from Attorneys General in the states, especially as issues arise that relate to state and local legislation. Further, the U.S. Conference of Mayors is an invaluable partner with maintaining points of contact with major metropolitan areas, especially as mayors develop initiatives to make their cities more global and take advantage of the resources from which they benefit. Additionally, USTR officials have addressed gatherings of state and local officials and port authorities around the country.

**Consultations Regarding Specific Trade Issues**

USTR initiates consultations with particular states and localities on issues arising under the WTO and other U.S. trade agreements and frequently responds to requests for information from State and local Governments. Topics of interest included the negotiations of the Trans-Pacific Partnership, the Trade in Services Agreement and the Transatlantic Trade and Investment Partnership, implementation of approved trade agreements with Colombia and South Korea, the application of the WTO Government Procurement Agreement, General Agreement on Trade in Services issues, enforcement of trade agreements, and consultations with individual states regarding applicable trade remedy investigations.

# C. Policy Coordination and Freedom of Information Act

The U.S. Trade Representative has primary responsibility, with the advice of the interagency trade policy organization, for developing and coordinating the implementation of U.S. trade policy, including on commodity matters (*e.g.*, coffee and rubber) and, to the extent they are related to trade, direct investment matters. Under the Trade Expansion Act of 1962, the U.S. Congress established an interagency trade policy mechanism to assist with the implementation of these responsibilities. This organization, as it has evolved, consists of three tiers of committees that constitute the principal mechanism for developing and coordinating U.S. Government positions on international trade and trade-related investment issues.

The Trade Policy Review Group (TPRG) and the Trade Policy Staff Committee (TPSC), administered and chaired by USTR, are the subcabinet interagency trade policy coordination groups that are central to this process. The TPSC is the first-line operating group, with representation at the senior civil servant level. Supporting the TPSC are more than 80 subcommittees responsible for specialized issues. The TPSC regularly seeks advice from the public on its policy decisions and negotiations through *Federal Register* Notices and public hearings. In 2015, the TPSC held public hearings regarding China's Compliance with its WTO Commitments (October 2015) and Russia's Implementation of the WTO Commitments (October 2015).

Through the interagency process, USTR requests input and analysis from members of the appropriate TPSC subcommittee or task force. The conclusions and recommendations of this group are then presented to the full TPSC and serve as the basis for reaching interagency consensus. If agreement is not reached in the TPSC, or if particularly significant policy questions are being considered, issues are referred to the TPRG (Deputy USTR/Under Secretary level) or to the Deputies Committee of the National Security Council/National Economic Council. Issues of the greatest importance move to the Principals Committee of the NSC/NEC for resolution by the Cabinet, with or without the President in attendance.

Member agencies of the TPSC and the TPRG consist of the U.S. Departments of Commerce, Agriculture, State, Treasury, Labor, Justice, Defense, Interior, Transportation, Energy, Health and Human Services, Homeland Security, the Environmental Protection Agency, the Office of Management and Budget, the Council of Economic Advisers, the Council on Environmental Quality, the U.S. Agency for International Development, the Small Business Administration, the National Economic Council, and the National Security Council. The U.S. International Trade Commission is a non-voting member of the TPSC and an

observer at TPRG meetings. Representatives of other agencies also may be invited to attend meetings depending on the specific issues discussed.

The Office of the U.S. Trade Representative is subject to The Freedom of Information Act (FOIA). Details of the program are available on the USTR website at http://www.ustr.gov/about-us/reading-room/freedom-information-act-foia. USTR received 102 new FOIA requests in 2015 and processed 94. USTR continues to raise the bar as to responsiveness, efficiency, and transparency in its administration of the FOIA.

# ANNEX I

# U.S. TRADE IN 2015

## I. 2015 Overview

U.S. trade (exports and imports of goods and services) decreased 3.9 percent in 2015,[35] following 4 years of record levels (figure 1). U.S. exports of goods and services declined by 4.8 percent while U.S. imports of goods and services declined by 3.1 percent. As a share of GDP, trade declined as well, accounting for 27.8 percent in 2015, down from 29.9 percent in 2014, and down from the high of 30.9 percent in 2011 (figure 2). Exports accounted for 12.4 percent of GDP in 2015, down from 13.5 percent in 2014 and from the high of 13.7 percent in 2012. Imports accounted for 15.4 percent in 2015, down from 16.4 percent in 2014, and down from the high of 17.3 percent in 2008. [36]

Source: U.S. Department of Commerce

Although trade was down in nominal terms for 2015, it was up 3.3 percent in real terms (adjusting for price fluctuations), though down from the 3.6 percent growth rate in 2014.[37] Real exports of goods and services were up 1.1 percent (down from 3.4 percent growth in 2014), while real imports of goods and services were up 5.0 percent (up from 3.8 percent growth in 2014).

Exports contributed very little to economic growth in 2015 (0.15 percentage points of the 2.4 percent growth of the economy). This was a major change from the previous five and one half years (2nd Qtr 2009 to 4th Qtr 2014), where exports significantly contributed to the economy – nearly one-third (32.5 percent or 0.6 percentage points

[35] On a balance of payments (BOP) basis.
[36] The broadest measure of commercial trade is from the Current Account and includes goods and services as well as earnings/payments on foreign investment (but not transfer payments). Earnings are considered trade because they are the payment made/received to foreign/U.S. residents for the service rendered by the use of foreign/U.S. capital. Based on the Current Account, trade declined by 3.5 percent in 2015 and accounted for 35.5 percent of GDP, down from 38.1 percent in 2014 and the high of 40.0 percent in 2008. Earnings/payments are annualized based on the first 3 quarters of 2015.
[37] On a National Income Products Account basis.

on average per year). Over this earlier time frame, real exports of goods and services grew more than 2.5 times the rate of the overall economy (6.0% at an annual rate for exports compared to 2.2% at an annual rate for the economy). In 2015, real exports of goods and services grew at a rate that was less than half that of the economy as whole (1.1% vs 2.4%). In 2015, U.S. nominal exports of goods and services were 41 percent above the level of exports in 2009.

Source: U.S. Department of Commerce

The deficit on goods and services trade increased by $23.2 billion (4.6 percent) in 2015 to $531.5 billion. Although this was the second consecutive year of the deficit increasing, it was still 25.0 percent lower than its pre-recession level of $708.7 billion in 2008 and 30.2 percent lower than the 2006 high of $761.7 billion. As a share of GDP, the deficit increased from 2.9 percent of GDP in 2014 to 3.0 percent of GDP in 2015, but was still lower than its high of 5.5 percent in 2006.

The U.S. deficit in goods trade alone increased by $17.5 billion (2.4 percent) from $741.5 billion in 2014 to $758.9 billion in 2015, while the services trade surplus decreased by $5.7 billion (2.4 percent), from $233.1 billion in 2014 to $227.4 billion in 2015. As a share of GDP, the goods deficit declined from 4.3% to 4.2%, while the services surplus remained at 1.3%.

## II. Export Growth

U.S. exports of goods and services were down by 4.8 percent in 2015 (but up 40.9 percent since 2009), to $2.2 trillion (table 2). Goods exports were down 7.3 percent ($118.8 billion) to $1.5 trillion, while services exports were up 0.8 percent ($5.9 billion) to a record $716.4 billion *(table 1).*

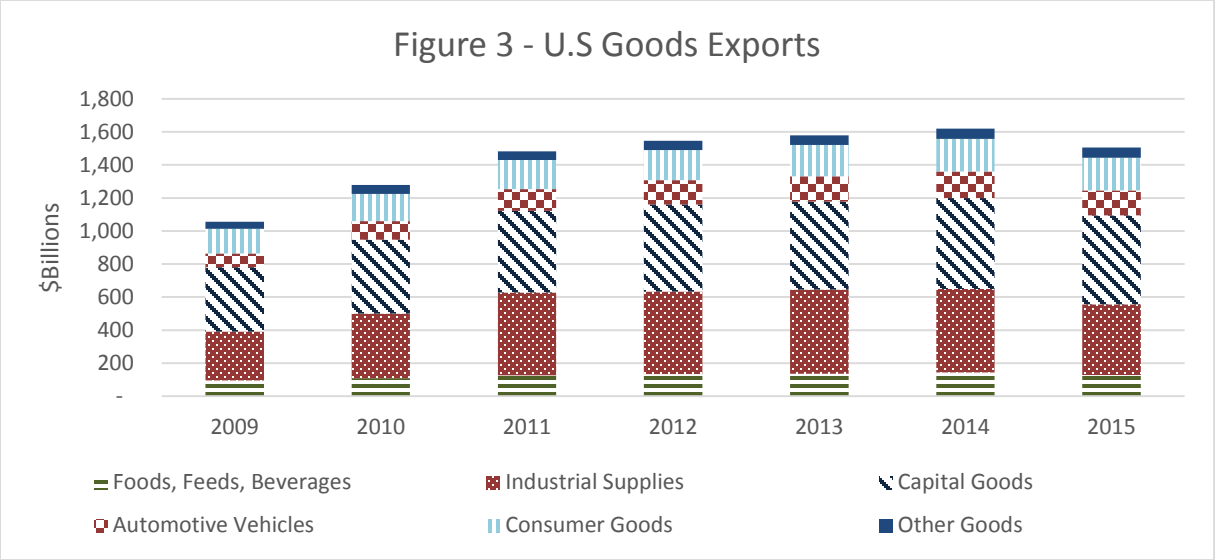
U.S. exports to related parties (either to a foreign parent or affiliate) accounted for 30% of goods exports and 28% of U.S. exports of services, in 2014 (latest year available).

| Table 1 - U.S. Exports | | | | | |
|---|---|---|---|---|---|
| | Value ($Billions) | | | % Change | |
| | 2009 | 2014 | 2015 | 09-15 | 14-15 |
| **Total Goods and Services** | 1,583.1 | 2,343.2 | 2,230.3 | 40.9% | -4.8% |
| **Goods** | 1,070.3 | 1,632.6 | 1,513.9 | 41.4% | -7.3% |
| Foods, Feeds, Beverages | 93.9 | 143.8 | 127.7 | 36.0% | -11.2% |
| Industrial Supplies | 296.5 | 505.1 | 428.2 | 44.4% | -15.2% |
| Capital Goods | 391.2 | 551.1 | 538.3 | 37.6% | -2.3% |
| Automotive Vehicles | 81.7 | 159.7 | 151.6 | 85.5% | -5.1% |
| Consumer Goods | 149.5 | 198.9 | 197.8 | 32.4% | -0.5% |
| Other Goods | 43.2 | 62.0 | 61.3 | 41.9% | -1.1% |
| Petroleum (Addendum) | 49.2 | 144.3 | 99.5 | 102.3% | -31.1% |
| Manufacturing (Addendum) | 917.9 | 1,402.3 | 1,316.8 | 43.4% | -6.1% |
| Agriculture (Addendum) | 101.3 | 154.6 | 137.2 | 35.5% | -11.3% |
| **Services** | 512.7 | 710.6 | 716.4 | 39.7% | 0.8% |
| Maintenance and repair services | 12.9 | 22.4 | 22.9 | 77.9% | 2.2% |
| Transport | 62.2 | 90.0 | 84.6 | 36.1% | -6.0% |
| Travel | 119.9 | 177.2 | 178.6 | 48.9% | 0.8% |
| Insurance services | 14.6 | 17.4 | 18.4 | 25.8% | 5.4% |
| Financial services | 64.4 | 87.3 | 89.0 | 38.1% | 1.9% |
| Charges for the use of intellectual property | 98.4 | 130.4 | 126.5 | 28.5% | -3.0% |
| Telecom, computer, and information services | 23.8 | 35.9 | 37.9 | 59.0% | 5.5% |
| Other business services | 96.0 | 129.5 | 138.8 | 44.6% | 7.1% |
| Government goods and services | 20.5 | 20.4 | 19.9 | -3.0% | -2.6% |

Source: U.S. Department of Commerce, BOP basis for total and services, Census basis for goods sectors.

**A. Goods Exports**

Goods exports decreased in 2015, by 7.3 percent to $1.5 trillion (*table 1 and figure 3*). Manufacturing exports, which accounted for 81 percent of total goods exports, were down 6.1 percent in 2015. Agricultural exports, which accounted for 8.5 percent of total goods exports, were down 11.3 percent in 2015. U.S. goods exports decreased for all major end-use categories in 2015, with the largest decrease in industrial supplies, down 15.2% ($76.9 billion). U.S. petroleum exports, a subset of industrial supplies, were down 31.1% ($44.8 billion), due to the decline in oil prices. The next largest decreases were in foods feeds and beverages, down 11.2 percent ($16.0 billion) and capital goods, down 2.3 percent ($12.7 billion).




Source: U.S. Census Bureau, Census Basis

Over the last 6 years, between 2009 and 2015, U.S. goods exports have increased by 41.4% ($443.6 billion). U.S. agricultural exports grew by 35.5% ($35.9 billion) and manufacturing exports grew by 43.4% ($398.8 billion), over the same time period. Of the major end-use categories, exports of capital goods (up $147.1 billion, or 37.6%) led export growth in the 2009-2015 timeframe. Industrial supplies and materials saw the second largest increase (up $131.7 billion, or 44.4%). U.S. petroleum exports, a subset of industrial supplies and materials, grew by 102.3 percent ($50.3 billion) from 2009 to 2015. Automotive vehicles and parts were up $69.8 billion (85.5 percent) and consumer goods were up $48.4 billion (32.4 percent).

In 2015, U.S. goods exports decreased to the top 4 export markets, Canada (down 10.3%), China (6.1%), Japan (6.5%), and Mexico (1.6%) (*table 2*). In addition, U.S. goods exports to our 20 FTA partners decreased by 6.9%, and U.S. exports to prospective FTA countries also decreased (European Union down 1.3%, TPP countries down 6.3%).

**Table 2 - U.S. Goods Exports to Selected Countries/Regions**

| | Value ($Billions) | | | % Change | |
|---|---|---|---|---|---|
| | 2009 | 2014 | 2015 | 09-15 | 14-15 |
| Canada | 204.7 | 312.4 | 280.3 | 37.0% | -10.3% |
| China | 69.5 | 123.7 | 116.2 | 67.2% | -6.1% |
| Japan | 51.1 | 66.8 | 62.5 | 22.2% | -6.5% |
| Mexico | 128.9 | 240.2 | 236.4 | 83.4% | -1.6% |
| European Union (28) | 220.8 | 276.1 | 272.7 | 23.5% | -1.3% |
| Latin America (excluding Mexico) | 109.5 | 184.0 | 153.3 | 39.9% | -16.7% |
| Pacific Rim (excluding Japan and China) | 133.9 | 204.0 | 192.1 | 43.4% | -5.8% |
| FTA Countries (Addendum) | 466.1 | 764.5 | 711.4 | 52.6% | -6.9% |
| TPP (Addendum) | 456.5 | 726.5 | 680.4 | 49.0% | -6.3% |
| Advanced Economies (Addendum) | 613.9 | 862.7 | 811.6 | 32.2% | -5.9% |
| Emerging Markets and Developing Economies (Addendum) | 442.1 | 757.9 | 693.3 | 56.8% | -8.5% |

Source: U.S. Census Bureau, Census Basis, Advanced Economies and Emerging Markets as defined by the IMF

U.S. goods exports to advanced economies, accounting for 53.9% of U.S. total goods exports, decreased by 5.9 percent, while goods exports to emerging markets and developing economies decreased by 8.5 percent. The share of U.S. goods exports going to emerging markets and developing countries increased from 36.1 percent in 2005 to 47.0 percent in 2013, before declining the last two years to 46.1 percent in 2015.

**B. Services Exports**

U.S. exports of services increased by 0.8 percent to a record $716.4 billion in 2015 *(table 1)*. U.S. services exports accounted for 32.1 percent of the level of U.S. goods and services exports in 2015.

The growth of U.S. services exports was led by other business services (up 7.1 percent, $9.3 billion), telecom, computer and information services (up 5.5 percent, $2.0 billion), financial services (up 1.9 percent, $1.7 billion) and travel (up 0.8 percent, $1.3 billion). Somewhat offsetting these increases were declines in transport (down 6.0 percent, $5.4 billion), and charges for the use of intellectual property (down 3.0 percent, $3.9 billion).

U.S. services exports have increased by 39.7 percent over the past 6 years. Of the $203.7 billion increase in U.S. services exports between 2009 and 2015, travel services accounted for 28.8 percent ($58.7 billion) of the increase, while other business services and intellectual property accounted for 21.0 percent ($42.8 billion) and 13.8 percent (28.1 billion), respectively.

Detailed services exports to countries/regions are available only through 2014. The United Kingdom was the largest purchaser of U.S. services exports in 2014, accounting for 9.0 percent ($63.6 billion) of total U.S. services exports. The next 5 largest purchasers of services exports in 2014 were: Canada ($61.4 billion), Japan ($46.7 billion), China ($42.5 billion), Ireland ($40.5 billion), and Mexico ($30.0 billion). Regionally, in 2014, the United States exported $219.3 billion in services to the EU, $205.2 billion to the Asia/Pacific region ($116.1 billion excluding Japan and China), $91.4 billion to NAFTA countries, and $63.6 billion to South and Central America (excluding Mexico).

**III. Imports**

U.S. imports of goods and services were down by 3.1 percent in 2015 to $2.8 trillion, due in large part to the decline in oil prices, but up 40% since 2009. Goods imports were down 4.3 percent ($101.3 billion) to $2.3 trillion while services imports were up 2.4 percent ($11.6 billion) to a record $489.0 billion (*table 3*).

U.S. imports from related parties (either from a foreign parent or affiliate) accounted for 51% of U.S. goods imports for consumption and 28% of U.S. imports of services, in 2014 (latest data available).

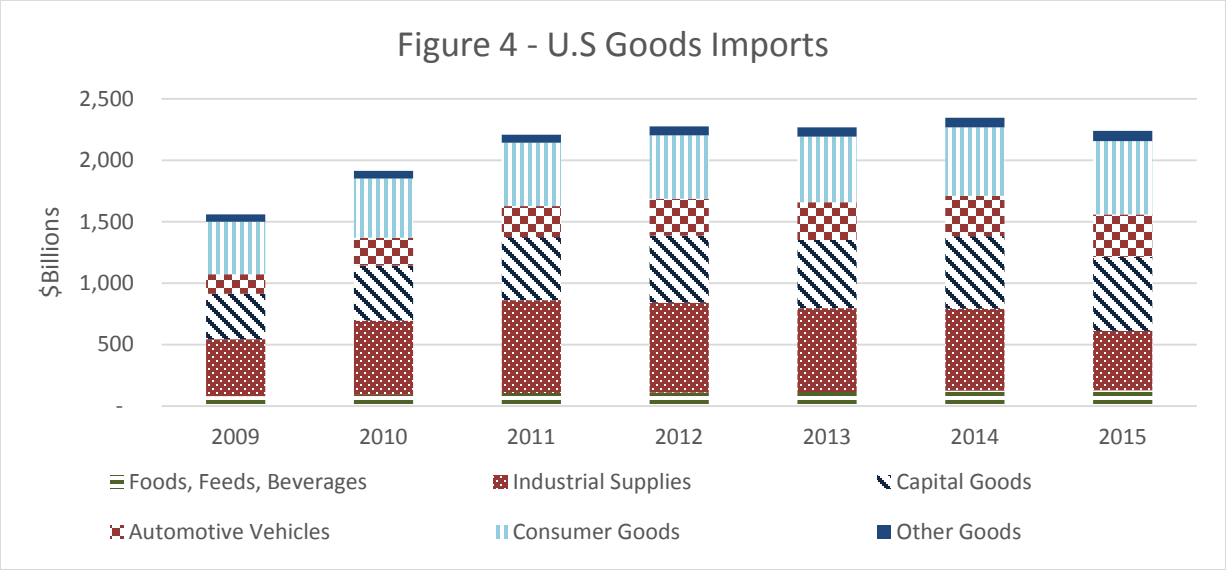
| Table 3 - U.S. Imports | | | | | |
|---|---|---|---|---|---|
| | Value ($Billions) | | | % Change | |
| | 2009 | 2014 | 2015 | 09-15 | 14-15 |
| **Total Goods and Services** | **1,966.8** | **2,851.5** | **2,761.8** | **40.4%** | **-3.1%** |
| **Goods on a BOP Basis** | **1,580.0** | **2,374.1** | **2,272.8** | **43.8%** | **-4.3%** |
| Foods, Feeds, Beverages | 81.6 | 125.8 | 127.7 | 56.5% | 1.5% |
| Industrial Supplies | 462.4 | 666.8 | 485.9 | 5.1% | -27.1% |
| Capital Goods | 370.5 | 591.1 | 599.2 | 61.7% | 1.4% |
| Automotive Vehicles | 157.7 | 327.7 | 348.3 | 120.9% | 6.3% |
| Consumer Goods | 427.3 | 557.8 | 595.3 | 39.3% | 6.7% |
| Other Goods | 60.2 | 78.6 | 84.7 | 40.8% | 7.8% |
| Petroleum (Addendum) | 253.7 | 334.0 | 182.0 | -28.3% | -45.5% |
| Manufacturing (Addendum) | 1,236.4 | 1,927.0 | 1,943.8 | 57.2% | 0.9% |
| Agriculture (Addendum) | 71.8 | 111.9 | 113.7 | 58.2% | 1.6% |
| **Services** | **386.8** | **477.4** | **489.0** | **26.4%** | **2.4%** |
| Maintenance and repair services | 5.9 | 7.5 | 8.7 | 47.0% | 16.9% |
| Transport | 64.1 | 94.2 | 97.3 | 51.7% | 3.2% |
| Travel | 81.4 | 110.8 | 120.5 | 48.0% | 8.8% |
| Insurance services | 63.8 | 50.1 | 47.9 | -24.9% | -4.3% |
| Financial services | 14.4 | 19.5 | 19.8 | 37.3% | 1.5% |
| Charges for the use of intellectual property | 31.3 | 42.1 | 39.6 | 26.5% | -6.0% |
| Telecom, computer, and information services | 25.8 | 33.3 | 32.7 | 26.9% | -1.8% |
| Other business services | 68.6 | 95.8 | 100.9 | 47.2% | 5.4% |
| Government goods and services | 31.5 | 24.2 | 21.5 | -31.5% | -10.9% |

Source: U.S. Department of Commerce, BOP basis for total and services, Census basis for goods sectors

**A. Goods Imports**

U.S. goods imports decreased by 4.3 percent in 2015 to $2.3 trillion, accounting for 82% of total imports (*table* 3 *and figure 4*). U.S. manufacturing imports, which accounted for 86 percent of total goods imports, increased by 0.9 percent in 2015. Agriculture imports, accounting for 4.8 percent of total goods imports, increased by 1.6 percent.

U.S. goods imports increased for every major end-use category in 2015, with the exception of industrial supplies and materials which declined (down 27.1 percent, $180.8 billion). Petroleum imports, a subset of industrial goods imports, declined by 45.5 percent ($152.0 billion). Ninety seven percent of this decrease in petroleum imports was driven by a decline in price, while the other 3 percent was driven by quantity as the U.S. imported the lowest volume of petroleum since 1993. The largest increases were in consumer goods (up 6.7%, $37.5 billion) and automotive vehicles and parts (up 6.3 percent, $20.6 billion).




Source: U.S. Census Bureau, Census Basis

U.S. goods imports have increased by 43.8 percent since 2009. Over this same time period imports of agriculture and manufactured goods have increased by 58.2 percent and 57.2 percent, respectively, while imports of petroleum products have decreased by 28.3 percent. For the major end-use categories, U.S. imports of capital goods led growth from 2009 (up 61.7 percent, $228.7 billion), followed by automotive vehicles and parts (up 120.9 percent, $190.6 billion), and consumer goods (up 39.3 percent, $167.9 billion).

**Table 4 - U.S. Goods Imports from Selected Countries/Regions**

| | Value ($Billions) | | | % Change | |
|---|---|---|---|---|---|
| | 2009 | 2014 | 2015 | 09-15 | 14-15 |
| Canada | 226.2 | 347.8 | 295.2 | 30.5% | -15.1% |
| China | 296.4 | 466.8 | 481.9 | 62.6% | 3.2% |
| Japan | 95.8 | 134.0 | 131.1 | 36.9% | -2.2% |
| Mexico | 176.7 | 294.1 | 294.7 | 66.8% | 0.2% |
| European Union (28) | 282.1 | 418.2 | 426.0 | 51.0% | 1.9% |
| Latin America (excluding Mexico) | 108.1 | 150.7 | 115.9 | 7.2% | -23.1% |
| Pacific Rim (excluding Japan and China) | 140.8 | 207.2 | 216.5 | 53.7% | 4.5% |
| FTA Countries (Addendum) | 528.0 | 828.4 | 771.8 | 46.2% | -6.8% |
| TPP (Addendum) | 570.8 | 883.5 | 840.2 | 47.2% | -4.9% |
| Advanced Economies (Addendum) | 736.1 | 1,092.2 | 1,050.0 | 42.6% | -3.9% |
| Emerging Markets and Developing Economies (Addendum) | 823.5 | 1,255.5 | 1,191.0 | 44.6% | -5.1% |

Source: U.S. Department of Commerce, BOP basis for total and services, Census basis for goods sectors.

In 2015, U.S. goods imports increased from 2 of our top 4 import suppliers, China (up 3.2%), and Mexico (up 0.2%), while imports decreased from Canada (down 15.1%) and Japan (down 2.2%) *(table 4)*. U.S. goods imports from our 20 FTA partners shrunk by 6.8 percent in 2015[38]. Turning to prospective FTA

[38] The 20 FTA countries currently entered into force accounted for 34 percent of total goods imports in 2015.

countries, imports increased from the European Union (up 1.9%) while they decreased from TPP countries (down 4.9%).

U.S. goods imports from advanced economies, accounting for 47.9% of U.S. total goods imports, decreased by 3.9 percent, while goods imports from emerging markets and developing economies decreased by 5.1 percent. The share of U.S. goods imports coming from emerging markets and developing countries increased from 47.3 percent in 2005 to a high of 55.0 percent in 2011, since then it has fallen. In 2015, they accounted for 53.1 percent of goods imports.

### B. Services Imports

U.S. services imports increased by 2.4 percent ($11.6 billion) to $489.0 billion in 2015 (*table 3*). Increases in services imports were led by travel services, up 8.8 percent ($9.7 billion), and other business services, up by 5.4 percent ($5.2 billion). The largest decreases in broad services categories were in government goods and services (down 10.9 percent) and charges for the use of intellectual property (down 6.0 percent). U.S. services imports accounted for roughly 18 percent of the level of U.S. goods and services imports in 2015.

U.S. services imports have increased by 26.4% ($102 billion) since 2009. Travel services accounted for 38 percent of the total increase in services imports over the last 6 years, while transport and other business services each accounted for 32 percent.

As with exports, services imports to countries/regions are available only through 2014. The United Kingdom remained our largest supplier of services, accounting for 10.4 percent of total U.S. services imports in 2014. The next 5 largest suppliers of U.S. services imports in 2014 were: Germany ($32.8 billion), Japan ($31.2 billion), Canada ($30.1 billion), Bermuda ($24.8 billion), and Switzerland ($21.9 billion). Regionally, the United States imported $168.7 billion of services from the European Union in 2014, $123.6 billion from the Asia/Pacific region ($78.0 billion excluding Japan and China), $49.6 billion from NAFTA, and $26.0 billion from South and Central America (excluding Mexico).

## IV. The U.S. Trade Balance

The total deficit in goods and services trade[39] increased by $23.2 billion in 2015 to $531.5 billion. The deficit was 25.0 percent lower than its pre-recession level of $708.7 billion in 2008 and 30.2 percent lower than the 2006 high of $761.7 billion. As a share of GDP the deficit increased as well, from 2.9 percent of GDP in 2014 to 3.0 percent of GDP in 2015, but was lower still than its high of 5.5% in 2006.

The U.S. deficit in goods trade alone increased by $17.5 billion from $741.5 billion in 2014 (4.3 percent of GDP) to $758.9 billion in 2015 (4.2 percent of GDP), while the services trade surplus decreased by $5.7 billion, from $233.1 billion in 2014 (1.3 percent of GDP) to $227.4 billion in 2015 (still 1.3 percent of GDP).

[39] On a balance of payments basis.

| Table 5 - U.S. Trade Balances | | | | | | | |
|---|---|---|---|---|---|---|---|
| | **2009** | **2010** | **2011** | **2012** | **2013** | **2014** | **2015** |
| **U.S. Trade Balances as a share of GDP** | | | | | | | |
| **Goods and Services** | **-2.7%** | **-3.3%** | **-3.5%** | **-3.3%** | **-2.9%** | **-2.9%** | **-3.0%** |
| Goods | -3.5% | -4.3% | -4.8% | -4.6% | -4.2% | -4.3% | -4.2% |
| Services | 0.9% | 1.0% | 1.2% | 1.3% | 1.3% | 1.3% | 1.3% |
| **U.S. Trade Balances with the World ($Billions)** | | | | | | | |
| **Goods and Services** | **-383.8** | **-494.7** | **-548.6** | **-536.8** | **-478.4** | **-508.3** | **-531.5** |
| Goods on a BOP Basis | -509.7 | -648.7 | -740.6 | -741.2 | -702.6 | -741 | -758.9 |
| Services | 125.9 | 154.0 | 192.0 | 204.4 | 224.2 | 233.1 | 227.4 |

Source: U.S. Department of Commerce

In 2015, the increase in the overall deficit was more than accounted for by an increase in the nonpetroleum goods deficit (up $116.2 billion, 21.6%) and the decrease in the services surplus, (down $5.7 billion, 2.4 percent), as the petroleum deficit continued to decline in 2015, by $107.2 billion (56.5 percent). The U.S. deficit in petroleum accounted for 15.5 percent of the overall goods and services trade deficit in 2015.

# ANNEX II

# BACKGROUND INFORMATION ON THE WTO

***Doha Development Agenda***

1. Doha Ministerial Declaration (see table)
2. Doha Declaration on the TRIPS Agreement and Public Health (see table)
3. Doha Declaration on Implementation-Related Issues and Concerns (see table)
4. Hong Kong Ministerial Declaration (see table)
5. Bali Ministerial Declaration and Related Decisions (see table)
6. Nairobi Ministerial Declaration and Related Decisions (see table)
7. Amendment of the TRIPS Agreement

***Institutional Issues***

1. Membership of the WTO
2. 2014 Budgets for the WTO
3. 2014 WTO Budget Contributions
4. Waivers Currently in Force
5. WTO Secretariat Personnel Statistics
6. WTO Accession Application and Status
7. Indicative List of Governmental and Non-Governmental Panelists
8. Appellate Body Membership
9. Where to Find More Information on the WTO

# DOHA DEVELOPMENT AGENDA

| Document Name | Document Number |
|---|---|
| Doha Ministerial Declaration | WT/MIN(01)/DEC/1 (Nov. 20, 2001) |
| Doha Declaration on the TRIPS Agreement and Public Health | WT/MIN(01)/DEC/2 (Nov. 20, 2001) |
| Doha Declaration on Implementation-Related Issues and Concerns | WT/MIN(01)/17 (Nov. 20, 2001) |
| Hong Kong Ministerial Declaration | WT/MIN(05)/DEC (Dec. 2, 2005) |
| Bali Ministerial Declaration | WT/MIN(13)/DEC (Dec. 7, 2015) |
| Nairobi Ministerial Declaration and Related Decisions | N/A |

**WORLD TRADE ORGANIZATION**

**WT/L/641**
8 December 2005

(05-5842)

## AMENDMENT OF THE TRIPS AGREEMENT

*Decision of 6 December 2005*

The General Council;

*Having regard* to paragraph 1 of Article X of the Marrakesh Agreement Establishing the World Trade Organization ("the WTO Agreement");

*Conducting* the functions of the Ministerial Conference in the interval between meetings pursuant to paragraph 2 of Article IV of the WTO Agreement;

*Noting* the Declaration on the TRIPS Agreement and Public Health (WT/MIN(01)/DEC/2) and, in particular, the instruction of the Ministerial Conference to the Council for TRIPS contained in paragraph 6 of the Declaration to find an expeditious solution to the problem of the difficulties that WTO Members with insufficient or no manufacturing capacities in the pharmaceutical sector could face in making effective use of compulsory licensing under the TRIPS Agreement;

*Recognizing*, where eligible importing Members seek to obtain supplies under the system set out in the proposed amendment of the TRIPS Agreement, the importance of a rapid response to those needs consistent with the provisions of the proposed amendment of the TRIPS Agreement;

*Recalling* paragraph 11 of the General Council Decision of 30 August 2003 on the Implementation of Paragraph 6 of the Doha Declaration on the TRIPS Agreement and Public Health;

*Having considered* the proposal to amend the TRIPS Agreement submitted by the Council for TRIPS (IP/C/41);

*Noting* the consensus to submit this proposed amendment to the Members for acceptance;

*Decides* as follows:

1. The Protocol amending the TRIPS Agreement attached to this Decision is hereby adopted and submitted to the Members for acceptance.

2. The Protocol shall be open for acceptance by Members until 1 December 2007 or such later date as may be decided by the Ministerial Conference.

3. The Protocol shall take effect in accordance with the provisions of paragraph 3 of Article X of the WTO Agreement.

**ATTACHMENT**

**PROTOCOL AMENDING THE TRIPS AGREEMENT**

*Members of the World Trade Organization;*

*Having regard* to the Decision of the General Council in document WT/L/641, adopted pursuant to paragraph 1 of Article X of the Marrakesh Agreement Establishing the World Trade Organization ("the WTO Agreement");

*Hereby agree* as follows:

- The Agreement on Trade-Related Aspects of Intellectual Property Rights (the "TRIPS Agreement") shall, upon the entry into force of the Protocol pursuant to paragraph 4, be amended as set out in the Annex to this Protocol, by inserting Article 31*bis* after Article 31 and by inserting the Annex to the TRIPS Agreement after Article 73.

- Reservations may not be entered in respect of any of the provisions of this Protocol without the consent of the other Members.

- This Protocol shall be open for acceptance by Members until 1 December 2007 or such later date as may be decided by the Ministerial Conference.

- This Protocol shall enter into force in accordance with paragraph 3 of Article X of the WTO Agreement.

- This Protocol shall be deposited with the Director-General of the World Trade Organization who shall promptly furnish to each Member a certified copy thereof and a notification of each acceptance thereof pursuant to paragraph 3.

- This Protocol shall be registered in accordance with the provisions of Article 102 of the Charter of the United Nations.

*Done* at Geneva this sixth day of December two thousand and five, in a single copy in the English, French and Spanish languages, each text being authentic.

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## ANNEX TO THE PROTOCOL AMENDING THE TRIPS AGREEMENT

***Article 31bis***

1. The obligations of an exporting Member under Article 31(f) shall not apply with respect to the grant by it of a compulsory license to the extent necessary for the purposes of production of a pharmaceutical product(s) and its export to an eligible importing Member(s) in accordance with the terms set out in paragraph 2 of the Annex to this Agreement.

2. Where a compulsory licence is granted by an exporting Member under the system set out in this Article and the Annex to this Agreement, adequate remuneration pursuant to Article 31(h) shall be paid in that Member taking into account the economic value to the importing Member of the use that has been authorized in the exporting Member. Where a compulsory licence is granted for the same products in the eligible importing Member, the obligation of that Member under Article 31(h) shall not apply in respect of those products for which remuneration in accordance with the first sentence of this paragraph is paid in the exporting Member.

3. With a view to harnessing economies of scale for the purposes of enhancing purchasing power for, and facilitating the local production of, pharmaceutical products: where a developing or least-developed country WTO Member is a party to a regional trade agreement within the meaning of Article XXIV of the GATT 1994 and the Decision of 28 November 1979 on Differential and More Favourable Treatment Reciprocity and Fuller Participation of Developing Countries (L/4903), at least half of the current membership of which is made up of countries presently on the United Nations list of least-developed countries, the obligation of that Member under Article 31(f) shall not apply to the extent necessary to enable a pharmaceutical product produced or imported under a compulsory licence in that Member to be exported to the markets of those other developing or least-developed country parties to the regional trade agreement that share the health problem in question. It is understood that this will not prejudice the territorial nature of the patent rights in question.

4. Members shall not challenge any measures taken in conformity with the provisions of this Article and the Annex to this Agreement under subparagraphs 1(b) and 1(c) of Article XXIII of GATT 1994.

5. This Article and the Annex to this Agreement are without prejudice to the rights, obligations and flexibilities that Members have under the provisions of this Agreement other than paragraphs (f) and (h) of Article 31, including those reaffirmed by the Declaration on the TRIPS Agreement and Public Health (WT/MIN(01)/DEC/2), and to their interpretation. They are also without prejudice to the extent to which pharmaceutical products produced under a compulsory licence can be exported under the provisions of Article 31(f).

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## ANNEX TO THE TRIPS AGREEMENT

1. For the purposes of Article 31*bis* and this Annex:

   (a) "pharmaceutical product" means any patented product, or product manufactured through a patented process, of the pharmaceutical sector needed to address the public health problems as recognized in paragraph 1 of the Declaration on the TRIPS Agreement and Public Health (WT/MIN(01)/DEC/2). It is understood that active ingredients necessary for its manufacture and diagnostic kits needed for its use would be included[40];

   (b) "eligible importing Member" means any least-developed country Member, and any other Member that has made a notification[41] to the Council for TRIPS of its intention to use the system set out in Article 31*bis* and this Annex ("system") as an importer, it being understood that a Member may notify at any time that it will use the system in whole or in a limited way, for example only in the case of a national emergency or other circumstances of extreme urgency or in cases of public non-commercial use. It is noted that some Members will not use the system as importing Members[42] and that some other Members have stated that, if they use the system, it would be in no more than situations of national emergency or other circumstances of extreme urgency;

   (c) "exporting Member" means a Member using the system to produce pharmaceutical products for, and export them to, an eligible importing Member.

2. The terms referred to in paragraph 1 of Article 31*bis* are that:

   (a) the eligible importing Member(s)[43] has made a notification[2] to the Council for TRIPS, that:

      (i) specifies the names and expected quantities of the product(s) needed[44];

      (ii) confirms that the eligible importing Member in question, other than a least-developed country Member, has established that it has insufficient or no manufacturing capacities in the pharmaceutical sector for the product(s) in question in one of the ways set out in the Appendix to this Annex; and

      (iii) confirms that, where a pharmaceutical product is patented in its territory, it has granted or intends to grant a compulsory licence in accordance with Articles 31 and 31*bis* of this Agreement and the provisions of this Annex[45];

   (b) the compulsory licence issued by the exporting Member under the system shall contain the following conditions:

      (i) only the amount necessary to meet the needs of the eligible importing Member(s) may be manufactured under the licence and the entirety of this production shall be exported to the Member(s) which has notified its needs to the Council for TRIPS;

      (ii) products produced under the licence shall be clearly identified as being produced under the system through specific labelling or marking. Suppliers should

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[40] This subparagraph is without prejudice to subparagraph 1(b).

[41] It is understood that this notification does not need to be approved by a WTO body in order to use the system.

[42] Australia, Canada, the European Communities with, for the purposes of Article 31*bis* and this Annex, its member States, Iceland, Japan, New Zealand, Norway, Switzerland, and the United States.

[43] Joint notifications providing the information required under this subparagraph may be made by the regional organizations referred to in paragraph 3 of Article 31*bis* on behalf of eligible importing Members using the system that are parties to them, with the agreement of those parties.

[44] The notification will be made available publicly by the WTO Secretariat through a page on the WTO website dedicated to the system.

[45] This subparagraph is without prejudice to Article 66.1 of this Agreement.

distinguish such products through special packaging and/or special colouring/shaping of the products themselves, provided that such distinction is feasible and does not have a significant impact on price; and

(iii) before shipment begins, the licensee shall post on a website[46] the following information:

- the quantities being supplied to each destination as referred to in indent (i) above; and

- the distinguishing features of the product(s) referred to in indent (ii) above;

(c) the exporting Member shall notify[47] the Council for TRIPS of the grant of the licence, including the conditions attached to it.[48] The information provided shall include the name and address of the licensee, the product(s) for which the licence has been granted, the quantity(ies) for which it has been granted, the country(ies) to which the product(s) is (are) to be supplied and the duration of the licence. The notification shall also indicate the address of the website referred to in subparagraph (b)(iii) above.

3. In order to ensure that the products imported under the system are used for the public health purposes underlying their importation, eligible importing Members shall take reasonable measures within their means, proportionate to their administrative capacities and to the risk of trade diversion to prevent re-exportation of the products that have actually been imported into their territories under the system. In the event that an eligible importing Member that is a developing country Member or a least-developed country Member experiences difficulty in implementing this provision, developed country Members shall provide, on request and on mutually agreed terms and conditions, technical and financial cooperation in order to facilitate its implementation.

4. Members shall ensure the availability of effective legal means to prevent the importation into, and sale in, their territories of products produced under the system and diverted to their markets inconsistently with its provisions, using the means already required to be available under this Agreement. If any Member considers that such measures are proving insufficient for this purpose, the matter may be reviewed in the Council for TRIPS at the request of that Member.

5. With a view to harnessing economies of scale for the purposes of enhancing purchasing power for, and facilitating the local production of, pharmaceutical products, it is recognized that the development of systems providing for the grant of regional patents to be applicable in the Members described in paragraph 3 of Article 31*bis* should be promoted. To this end, developed country Members undertake to provide technical cooperation in accordance with Article 67 of this Agreement, including in conjunction with other relevant intergovernmental organizations.

6. Members recognize the desirability of promoting the transfer of technology and capacity building in the pharmaceutical sector in order to overcome the problem faced by Members with insufficient or no manufacturing capacities in the pharmaceutical sector. To this end, eligible importing Members and exporting Members are encouraged to use the system in a way which would promote this objective. Members undertake to cooperate in paying special attention to the transfer of technology and capacity building in the pharmaceutical sector in the work to be undertaken pursuant to Article 66.2 of this Agreement, paragraph 7 of the Declaration on the TRIPS Agreement and Public Health and any other relevant work of the Council for TRIPS.

7. The Council for TRIPS shall review annually the functioning of the system with a view to ensuring its effective operation and shall annually report on its operation to the General Council.

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[46] The licensee may use for this purpose its own website or, with the assistance of the WTO Secretariat, the page on the WTO website dedicated to the system.

[47] It is understood that this notification does not need to be approved by a WTO body in order to use the system.

[48] The notification will be made available publicly by the WTO Secretariat through a page on the WTO website dedicated to the system.

## APPENDIX TO THE ANNEX TO THE TRIPS AGREEMENT

Assessment of Manufacturing Capacities in the Pharmaceutical Sector

Least-developed country Members are deemed to have insufficient or no manufacturing capacities in the pharmaceutical sector.

For other eligible importing Members insufficient or no manufacturing capacities for the product(s) in question may be established in either of the following ways:

(i) the Member in question has established that it has no manufacturing capacity in the pharmaceutical sector;

or

(ii) where the Member has some manufacturing capacity in this sector, it has examined this capacity and found that, excluding any capacity owned or controlled by the patent owner, it is currently insufficient for the purposes of meeting its needs. When it is established that such capacity has become sufficient to meet the Member's needs, the system shall no longer apply.

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**MEMBERSHIP OF THE WORLD TRADE ORGANIZATION**
As of 30 November, 2015 (162 Members)

| Government | Entry Into Force/Membership | Government | Entry Into Force/Membership |
|---|---|---|---|
| Albania | September 8, 2000 | Canada | January 1, 1995 |
| Angola | November 23, 1996 | Cape Verde | July 23, 2008 |
| Antigua and Barbuda | January 1, 1995 | Central African Republic | May 31, 1995 |
| Argentina | January 1, 1995 | Chad | October 19, 1996 |
| Armenia | February 5, 2003 | Chile | January 1, 1995 |
| Australia | January 1, 1995 | China | December 11, 2001 |
| Austria | January 1, 1995 | Colombia | April 30, 1995 |
| Bahrain | January 1, 1995 | Congo | March 27, 1997 |
| Bangladesh | January 1, 1995 | Costa Rica | January 1, 1995 |
| Barbados | January 1, 1995 | Côte d'Ivoire | January 1, 1995 |
| Belgium | January 1, 1995 | Croatia | November 30, 2000 |
| Belize | January 1, 1995 | Cuba | April 20, 1995 |
| Benin | February 22, 1996 | Cyprus | July 30, 1995 |
| Bolivia | September 12, 1995 | Czech Republic | January 1, 1995 |
| Botswana | May 31, 1995 | Democratic Republic of Congo | January 1, 1997 |
| Brazil | January 1, 1995 | Denmark | January 1, 1995 |
| Brunei Darussalam | January 1, 1995 | Djibouti | May 31, 1995 |
| Bulgaria | December 1, 1996 | Dominica | January 1, 1995 |
| Burkina Faso | June 3, 1995 | Dominican Republic | March 9, 1995 |
| Burundi | July 23, 1995 | Ecuador | January 21, 1996 |
| Cambodia | October 12, 2004 | Egypt | June 30, 1995 |
| Cameroon | December 13, 1995 | El Salvador | May 7, 1995 |

| Government | Entry Into Force/Membership | Government | Entry Into Force/Membership |
|---|---|---|---|
| Estonia | November 13, 1999 | Italy | January 1, 1995 |
| European Union | January 1, 1995 | Jamaica | March 9, 1995 |
| Fiji | January 14, 1996 | Japan | January 1, 1995 |
| Finland | January 1, 1995 | Jordan | April 11, 2000 |
| France | January 1, 1995 | Kazakhstan | November 30, 2015 |
| Gabon | January 1, 1995 | Kenya | January 1, 1995 |
| Georgia | June 14, 2000 | Korea, Republic of | January 1, 1995 |
| Germany | January 1, 1995 | Kuwait | January 1, 1995 |
| Ghana | January 1, 1995 | Kyrgyz Republic | December 20, 1998 |
| Greece | January 1, 1995 | Latvia | February 10, 1999 |
| Grenada | February 22, 1996 | Lao People’s Democratic Republic | February 2, 2013 |
| Guatemala | July 21, 1995 | Lesotho | May 31, 1995 |
| Guinea | October 25, 1995 | Luxembourg | January 1, 1995 |
| Guinea Bissau | May 31, 1995 | Macao, China | January 1, 1995 |
| Guyana | January 1, 1995 | Macedonia | April 4, 2003 |
| Haiti | January 30, 1996 | Madagascar | November 17, 1995 |
| Honduras | January 1, 1995 | Malawi | May 31, 1995 |
| Hong Kong, China | January 1, 1995 | Malaysia | January 1, 1995 |
| Hungary | January 1, 1995 | Maldives | May 31, 1995 |
| Iceland | January 1, 1995 | Mali | May 31, 1995 |
| India | January 1, 1995 | Malta | January 1, 1995 |
| Indonesia | January 1, 1995 | Mauritania | May 31, 1995 |
| Ireland | January 1, 1995 | Mauritius | January 1, 1995 |
| Israel | April 21, 1995 | Mexico | January 1, 1995 |

| Government | Entry Into Force/Membership | Government | Entry Into Force/Membership |
|---|---|---|---|
| Moldova | July 26, 2001 | Qatar | January 13, 1996 |
| Mongolia | January 29, 1997 | Romania | January 1, 1995 |
| Montenegro | April 29, 2012 | Russian Federation | August 22, 2012 |
| Morocco | January 1, 1995 | Rwanda | May 22, 1996 |
| Mozambique | August 26, 1995 | Saint Kitts and Nevis | February 21, 1996 |
| Myanmar | January 1, 1995 | Saint Lucia | January 1, 1995 |
| Namibia | January 1, 1995 | Saint Vincent and the Grenadines | January 1, 1995 |
| Nepal | April 23, 2004 | Samoa | May 10, 2012 |
| Netherlands (for the Kingdom in Europe and Netherlands Antilles) | January 1, 1995 | Saudi Arabia | December 11, 2005 |
| New Zealand | January 1, 1995 | Senegal | January 1, 1995 |
| Nicaragua | September 3, 1995 | Seychelles | April 26, 2015 |
| Niger | December 13, 1996 | Sierra Leone | July 23, 1995 |
| Nigeria | January 1, 1995 | Singapore | January 1, 1995 |
| Norway | January 1, 1995 | Slovak Republic | January 1, 1995 |
| Oman | November 9, 2000 | Slovenia | July 30, 1995 |
| Pakistan | January 1, 1995 | Solomon Islands | July 26, 1996 |
| Panama | September 6, 1997 | South Africa | January 1, 1995 |
| Papua New Guinea | June 9, 1996 | Spain | January 1, 1995 |
| Paraguay | January 1, 1995 | Sri Lanka | January 1, 1995 |
| Peru | January 1, 1995 | Suriname | January 1, 1995 |
| Philippines | January 1, 1995 | Swaziland | January 1, 1995 |
| Poland | July 1, 1995 | Sweden | January 1, 1995 |
| Portugal | January 1, 1995 | Switzerland | July 1, 1995 |

| Government | Entry Into Force/Membership | Government | Entry Into Force/Membership |
|---|---|---|---|
| Taiwan (referred to in the WTO as Chinese Taipei) | January 1, 2002 | Ukraine | May 16, 2008 |
| Tajikistan | March 2, 2013 | United Arab Emirates | April 10, 1996 |
| Tanzania | January 1, 1995 | United Kingdom | January 1, 1995 |
| Thailand | January 1, 1995 | United States of America | January 1, 1995 |
| The Gambia | October 23, 1996 | Uruguay | January 1, 1995 |
| Togo | May 31, 1995 | Vanuatu | August 24, 2012 |
| Tonga | July 27, 2007 | Venezuela | January 1, 1995 |
| Trinidad and Tobago | March 1, 1995 | Vietnam | January 11, 2007 |
| Tunisia | March 29, 1995 | Yemen | June 26, 2014 |
| Turkey | March 26, 1995 | Zambia | January 1, 1995 |
| Uganda | January 1, 1995 | Zimbabwe | March 5, 1995 |

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**Consolidated 2015 Budget for the WTO Secretariat and the Appellate Body and its Secretariat**
(in thousand Swiss francs)

| Part | Section | Line | 2015 | 2016 | 2017 | Inc/ Dec 2016 | Inc/ Dec 2017 |
|---|---|---|---|---|---|---|---|
| A Staffing Resources | | | | | | | |
| | 1. Staff Expenditure | i) Staff Remuneration | 90,532 | 90,482 | 90,482 | -50 | 0 |
| | | ii) Staff Pension & Post-Employment Benefits | 21,960 | 22,110 | 22,110 | 150 | 0 |
| | | iii) Staff Health & Invalidity Insurance | 6,074 | 5,944 | 5,944 | -130 | 0 |
| | | iv) Staff Family & International Benefits | 11,244 | 11,069 | 11,069 | -175 | 0 |
| | | v) Other Staff Expenditure | 1,605 | 1,810 | 1,810 | 205 | 0 |
| | 2. Temporary Assistance | i) Short-Term Staff | 8,110 | 9,013 | 9,013 | 903 | 0 |
| | | ii) Consulting | 7,933 | 6,770 | 6,770 | -1,163 | 0 |
| | | iii) Panelists & Appellate Body Member Fees | 1,124 | 1,506 | 1,506 | 382 | 0 |
| **A Staffing Resources Total** | | | **148,582** | **148,705** | **148,705** | **122** | **0** |
| B Other Resources | | | | | | | |
| | 3. General Services | i) Telecommunication & Post | 1,686 | 831 | 831 | -855 | 0 |
| | | ii) Contractual Services & Maintenance | 9,649 | 10,681 | 10,681 | 1,032 | 0 |
| | | iii) Energy & Supplies | 2,341 | 2,251 | 2,251 | -90 | 0 |
| | | iv) Documentation & Publication | 1,681 | 1,479 | 1,479 | -202 | 0 |
| | | v) Other / Miscellaneous | 244 | 89 | 89 | -155 | 0 |
| | 4. Travel & Hospitality | i) Travel | 7,245 | 7,135 | 7,135 | -110 | 0 |
| | | ii) Hospitality | 235 | 215 | 215 | -20 | 0 |
| | 5. Implementing Partners | i) Implementing Partners | 273 | 213 | 213 | -60 | 0 |
| | 6. Capital Expenditure | i) Procurement of Fixed Assets | 1,510 | 1,430 | 1,430 | -80 | 0 |
| | | ii) Rental & Leasing of Equipment | 1,457 | 920 | 920 | -537 | 0 |
| | 7. Financial Expenditure | i) Bank & Interest Charges | 30 | 80 | 80 | 50 | 0 |
| | | ii) Building Loan Reimbursement | 1,200 | 1,200 | 1,200 | 0 | 0 |
| **B Other Resources Total** | | | **27,551** | **26,524** | **26,524** | **-1,027** | **0** |
| C Operating Funds and ITC | | | | | | | |
| | 8. Contributions to ITC & Special Reserves | i) Contribution to ITC | 18,470 | 18,775 | 18,775 | 305 | 0 |
| | | ii) Appellate Body Operating Fund | 2,000 | 2,000 | 2,000 | 0 | 0 |
| | | iii) Ministerial Conference Operating Fund | 600 | 600 | 600 | 0 | 0 |
| | | iv) Building Renovation Fund | 0 | 600 | 600 | 600 | 0 |
| **C Operating Funds and ITC Total** | | | **21,070** | **21,975** | **21,975** | **905** | **0** |
| **Grand Total** | | | **197,204** | **197,204** | **197,204** | **0** | **0** |

# 2015 Budget for the WTO Secretariat
(in thousand Swiss francs)

| Part | Section | Line | 2015 | 2016 | 2017 | Inc/ Dec 2016 | Inc/ Dec 2017 |
|---|---|---|---|---|---|---|---|
| A Staffing Resources | | | | | | | |
| | 1. Staff Expenditure | i) Staff Remuneration | 88,055 | 87,221 | 87,157 | -833 | -65 |
| | | ii) Staff Pension & Post-Employment Benefits | 21,440 | 21,400 | 21,380 | -40 | -20 |
| | | iii) Staff Health & Invalidity Insurance | 5,917 | 5,770 | 5,765 | -147 | -5 |
| | | iv) Staff Family & International Benefits | 10,948 | 10,773 | 10,773 | -175 | 0 |
| | | v) Other Staff Expenditure | 1,562 | 1,767 | 1,767 | 205 | 0 |
| | 2. Temporary Assistance | i) Short-Term Staff | 8,066 | 8,958 | 8,958 | 892 | 0 |
| | | ii) Consulting | 7,933 | 6,745 | 6,745 | -1,188 | 0 |
| | | iii) Panelists | 365 | 715 | 715 | 350 | 0 |
| **A Staffing Resources Total** | | | **144,285** | **143,349** | **143,260** | **-936** | **-89** |
| B Other Resources | | | | | | | |
| | 3. General Services | i) Telecommunication & Post | 1,645 | 822 | 822 | -824 | 0 |
| | | ii) Contractual Services & Maintenance | 9,631 | 10,663 | 10,663 | 1,032 | 0 |
| | | iii) Energy & Supplies | 2,321 | 2,231 | 2,231 | -90 | 0 |
| | | iv) Documentation & Publication | 1,671 | 1,469 | 1,469 | -202 | 0 |
| | | v) Other / Miscellaneous | 217 | 87 | 87 | -130 | 0 |
| | 4. Travel & Hospitality | i) Travel | 7,195 | 7,085 | 7,085 | -110 | 0 |
| | | ii) Hospitality | 234 | 214 | 214 | -20 | 0 |
| | 5. Implementing Partners | i) Implementing Partners | 273 | 213 | 213 | -60 | 0 |
| | 6. Capital Expenditure | i) Procurement of Fixed Assets | 1,485 | 1,405 | 1,405 | -80 | 0 |
| | | ii) Rental & Leasing of Equipment | 1,442 | 920 | 920 | -522 | 0 |
| | 7. Financial Expenditure | i) Bank & Interest Charges | 30 | 80 | 80 | 50 | 0 |
| | | ii) Building Loan Reimbursement | 1,200 | 1,200 | 1,200 | 0 | 0 |
| **B Other Resources Total** | | | **27,344** | **26,388** | **26,388** | **-956** | **0** |
| C Operating Funds and ITC | | | | | | | |
| | 8. Contributions to ITC & Special Reserves | i) Contribution to ITC | 18,470 | 18,775 | 18,775 | 305 | 0 |
| | | iii) Ministerial Conference Operating Fund | 600 | 600 | 600 | 0 | 0 |
| | | iv) Building Renovation Fund | 0 | 600 | 600 | 600 | 0 |
| **C Operating Funds and ITC Total** | | | **19,070** | **19,975** | **19,975** | **905** | **0** |
| **Grand Total** | | | **190,699** | **189,713** | **189,624** | **-986** | **-89** |

## 2015 Budget for the Appellate Body Secretariat
(in thousand Swiss francs)

| Part | Section | Line | 2015 | 2016 | 2017 | Inc/ Dec 2016 | Inc/ Dec 2017 |
|---|---|---|---|---|---|---|---|
| A Staffing Resources | | | | | | | |
| | 1. Staff Expenditure | i) Staff Remuneration | 2,478 | 3,261 | 3,326 | 783 | 65 |
| | | ii) Staff Pension & Post-Employment Benefits | 520 | 710 | 730 | 190 | 20 |
| | | iii) Staff Health & Invalidity Insurance | 157 | 174 | 179 | 17 | 5 |
| | | iv) Staff Family & International Benefits | 296 | 296 | 296 | 0 | 0 |
| | | v) Other Staff Expenditure | 43 | 43 | 43 | 0 | 0 |
| | 2. Temporary Assistance | i) Short-Term Staff | 45 | 55 | 55 | 11 | 0 |
| | | ii) Consulting | 0 | 25 | 25 | 25 | 0 |
| | | iii) Appellate Body Member Fees | 759 | 791 | 791 | 32 | 0 |
| **A Staffing Resources Total** | | | **4,298** | **5,355** | **5,444** | **1,058** | **89** |
| B Other Resources | | | | | | | |
| | 3. General Services | i) Telecommunication & Post | 41 | 10 | 10 | -32 | 0 |
| | | ii) Contractual Services & Maintenance | 18 | 18 | 18 | 0 | 0 |
| | | iii) Energy & Supplies | 20 | 20 | 20 | 0 | 0 |
| | | iv) Documentation & Publication | 10 | 10 | 10 | 0 | 0 |
| | | v) Other / Miscellaneous | 27 | 2 | 2 | -25 | 0 |
| | 4. Travel & Hospitality | i) Travel | 50 | 50 | 50 | 0 | 0 |
| | | ii) Hospitality | 1 | 1 | 1 | 0 | 0 |
| | 6. Capital Expenditure | i) Procurement of Fixed Assets | 25 | 25 | 25 | 0 | 0 |
| | | ii) Rental & Leasing of Equipment | 15 | 0 | 0 | -15 | 0 |
| **B Other Resources Total** | | | **207** | **136** | **136** | **-72** | **0** |
| C Operating Funds and ITC | | | | | | | |
| | 8. Contributions to ITC & Special Reserves | ii) Appellate Body Operating Fund | 2,000 | 2,000 | 2,000 | 0 | 0 |
| **C Operating Funds and ITC Total** | | | **2,000** | **2,000** | **2,000** | **0** | **0** |
| **Grand Total** | | | **6,505** | **7,491** | **7,580** | **986** | **89** |

# Scale of Contributions for 2015

| Member | 2015 Contribution CHF | 2015 Contri-bution % | 2016 Contribution CHF | 2016 Contri-bution % | Interest earned in 2014 for 2016 CHF | 2016 Net Contribution CHF |
|---|---|---|---|---|---|---|
| Albania | 52,785 | 0.027% | 48,875 | 0.025% | 30 | 48,845 |
| Angola | 512,210 | 0.262% | 504,390 | 0.258% | 198 | 504,192 |
| Antigua and Barbuda | 29,325 | 0.015% | 29,325 | 0.015% | 0 | 29,325 |
| Argentina | 801,550 | 0.410% | 805,460 | 0.412% | 0 | 805,460 |
| Armenia | 33,235 | 0.017% | 33,235 | 0.017% | 6 | 33,229 |
| Australia | 2,725,270 | 1.394% | 2,772,190 | 1.418% | 1,627 | 2,770,563 |
| Austria | 2,148,545 | 1.099% | 2,046,885 | 1.047% | 984 | 2,045,901 |
| Bahrain, Kingdom of | 173,995 | 0.089% | 170,085 | 0.087% | 98 | 169,987 |
| Bangladesh | 263,925 | 0.135% | 287,385 | 0.147% | 128 | 287,257 |
| Barbados | 29,325 | 0.015% | 29,325 | 0.015% | 12 | 29,313 |
| Belgium | 4,013,615 | 2.053% | 3,884,585 | 1.987% | 2,155 | 3,882,430 |
| Belize | 29,325 | 0.015% | 29,325 | 0.015% | 13 | 29,312 |
| Benin | 29,325 | 0.015% | 29,325 | 0.015% | 0 | 29,325 |
| Bolivia, Plurinational State of | 78,200 | 0.040% | 86,020 | 0.044% | 14 | 86,006 |
| Botswana | 60,605 | 0.031% | 64,515 | 0.033% | 25 | 64,490 |
| Brazil | 2,504,355 | 1.281% | 2,568,870 | 1.314% | 0 | 2,568,870 |
| Brunei Darussalam | 72,335 | 0.037% | 72,335 | 0.037% | 30 | 72,305 |
| Bulgaria | 326,485 | 0.167% | 318,665 | 0.163% | 209 | 318,456 |
| Burkina Faso | 29,325 | 0.015% | 29,325 | 0.015% | 0 | 29,325 |
| Burundi | 29,325 | 0.015% | 29,325 | 0.015% | 0 | 29,325 |
| Cabo Verde | 29,325 | 0.015% | 29,325 | 0.015% | 0 | 29,325 |
| Cambodia | 76,245 | 0.039% | 82,110 | 0.042% | 36 | 82,074 |
| Cameroon | 72,335 | 0.037% | 70,380 | 0.036% | 0 | 70,380 |
| Canada | 5,145,560 | 2.632% | 5,069,315 | 2.593% | 3,258 | 5,066,057 |
| Central African Republic | 29,325 | 0.015% | 29,325 | 0.015% | 0 | 29,325 |
| Chad | 44,965 | 0.023% | 48,875 | 0.025% | 0 | 48,875 |
| Chile | 787,865 | 0.403% | 791,775 | 0.405% | 266 | 791,509 |
| China | 16,850,145 | 8.619% | 17,927,350 | 9.170% | 1,828 | 17,925,522 |
| Colombia | 525,895 | 0.269% | 561,085 | 0.287% | 244 | 560,841 |
| Congo | 58,650 | 0.030% | 89,930 | 0.046% | 2 | 89,928 |
| Costa Rica | 138,805 | 0.071% | 132,940 | 0.068% | 95 | 132,845 |
| Côte d'Ivoire | 101,660 | 0.052% | 101,660 | 0.052% | 0 | 101,660 |
| Croatia | 265,880 | 0.136% | 240,465 | 0.123% | 17 | 240,448 |
| Cuba | 148,580 | 0.076% | 148,580 | 0.076% | 29 | 148,551 |
| Cyprus | 109,480 | 0.056% | 107,525 | 0.055% | 67 | 107,458 |
| Czech Republic | 1,401,735 | 0.717% | 1,407,600 | 0.720% | 797 | 1,406,803 |
| Democratic Republic of the Congo | 89,930 | 0.046% | 93,840 | 0.048% | 0 | 93,840 |
| Denmark | 1,648,065 | 0.843% | 1,567,910 | 0.802% | 840 | 1,567,070 |
| Djibouti | 29,325 | 0.015% | 29,325 | 0.015% | 0 | 29,325 |
| Dominica | 29,325 | 0.015% | 29,325 | 0.015% | 0 | 29,325 |
| Dominican Republic | 142,715 | 0.073% | 156,400 | 0.080% | 0 | 156,400 |
| Ecuador | 226,780 | 0.116% | 234,600 | 0.120% | 7 | 234,593 |
| Egypt | 561,085 | 0.287% | 541,535 | 0.277% | 347 | 541,188 |
| El Salvador | 78,200 | 0.040% | 76,245 | 0.039% | 0 | 76,245 |

| Member | 2015 Contribution CHF | 2015 Contri-bution % | 2016 Contribution CHF | 2016 Contri-bution % | Interest earned in 2014 for 2016 CHF | 2016 Net Contribution CHF |
|---|---|---|---|---|---|---|
| Estonia | 175,950 | 0.090% | 175,950 | 0.090% | 116 | 175,834 |
| European Union[2] | 0 | 0.000% | 0 | 0.000% | 0 | 0 |
| Fiji | 29,325 | 0.015% | 29,325 | 0.015% | 12 | 29,313 |
| Finland | 1,061,565 | 0.543% | 983,365 | 0.503% | 555 | 982,810 |
| France | 7,741,800 | 3.960% | 7,606,905 | 3.891% | 4,469 | 7,602,436 |
| Gabon | 66,470 | 0.034% | 64,515 | 0.033% | 0 | 64,515 |
| The Gambia | 29,325 | 0.015% | 29,325 | 0.015% | 0 | 29,325 |
| Georgia | 58,650 | 0.030% | 62,560 | 0.032% | 33 | 62,527 |
| Germany | 15,941,070 | 8.154% | 14,805,215 | 7.573% | 10,445 | 14,794,770 |
| Ghana | 134,895 | 0.069% | 148,580 | 0.076% | 67 | 148,513 |
| Greece | 785,910 | 0.402% | 692,070 | 0.354% | 179 | 691,891 |
| Grenada | 29,325 | 0.015% | 29,325 | 0.015% | 0 | 29,325 |
| Guatemala | 136,850 | 0.070% | 138,805 | 0.071% | 49 | 138,756 |
| Guinea | 29,325 | 0.015% | 29,325 | 0.015% | 0 | 29,325 |
| Guinea-Bissau | 29,325 | 0.015% | 29,325 | 0.015% | 0 | 29,325 |
| Guyana | 29,325 | 0.015% | 29,325 | 0.015% | 18 | 29,307 |
| Haiti | 29,325 | 0.015% | 29,325 | 0.015% | 16 | 29,309 |
| Honduras | 84,065 | 0.043% | 78,200 | 0.040% | 37 | 78,163 |
| Hong Kong, China | 4,985,250 | 2.550% | 5,126,010 | 2.622% | 3,072 | 5,122,938 |
| Hungary | 1,129,990 | 0.578% | 1,067,430 | 0.546% | 696 | 1,066,734 |
| Iceland | 72,335 | 0.037% | 60,605 | 0.031% | 33 | 60,572 |
| India | 4,187,610 | 2.142% | 4,371,380 | 2.236% | 1,578 | 4,369,802 |
| Indonesia | 1,737,995 | 0.889% | 1,788,825 | 0.915% | 853 | 1,787,972 |
| Ireland | 2,025,380 | 1.036% | 1,955,000 | 1.000% | 1,271 | 1,953,729 |
| Israel | 842,605 | 0.431% | 832,830 | 0.426% | 314 | 832,516 |
| Italy | 6,007,715 | 3.073% | 5,677,320 | 2.904% | 2,958 | 5,674,362 |
| Jamaica | 62,560 | 0.032% | 56,695 | 0.029% | 0 | 56,695 |
| Japan | 8,785,770 | 4.494% | 8,476,880 | 4.336% | 3,266 | 8,473,614 |
| Jordan | 162,265 | 0.083% | 164,220 | 0.084% | 79 | 164,141 |
| Kazakhstan | 0 | 0.000% | 631,465 | 0.323% | 0 | 631,465 |
| Kenya | 115,345 | 0.059% | 111,435 | 0.057% | 20 | 111,415 |
| Korea, Republic of | 5,632,355 | 2.881% | 5,890,415 | 3.013% | 981 | 5,889,434 |
| Kuwait, the State of | 678,385 | 0.347% | 682,295 | 0.349% | 0 | 682,295 |
| Kyrgyz Republic | 37,145 | 0.019% | 37,145 | 0.019% | 7 | 37,138 |
| Lao People's Democratic Republic | 29,325 | 0.015% | 29,325 | 0.015% | 16 | 29,309 |
| Latvia | 154,445 | 0.079% | 152,490 | 0.078% | 97 | 152,393 |
| Lesotho | 29,325 | 0.015% | 29,325 | 0.015% | 0 | 29,325 |
| Liechtenstein | 52,785 | 0.027% | 60,605 | 0.031% | 30 | 60,575 |
| Lithuania | 295,205 | 0.151% | 301,070 | 0.154% | 10 | 301,060 |
| Luxembourg | 762,450 | 0.390% | 789,820 | 0.404% | 292 | 789,528 |
| Macao, China | 242,420 | 0.124% | 277,610 | 0.142% | 106 | 277,504 |
| Madagascar | 31,280 | 0.016% | 31,280 | 0.016% | 7 | 31,273 |
| Malawi | 29,325 | 0.015% | 29,325 | 0.015% | 0 | 29,325 |
| Malaysia | 2,191,555 | 1.121% | 2,191,555 | 1.121% | 1,350 | 2,190,205 |
| Maldives | 29,325 | 0.015% | 29,325 | 0.015% | 7 | 29,318 |
| Mali | 29,325 | 0.015% | 31,280 | 0.016% | 12 | 31,268 |
| Malta | 80,155 | 0.041% | 103,615 | 0.053% | 49 | 103,566 |
| Mauritania | 29,325 | 0.015% | 29,325 | 0.015% | 0 | 29,325 |

**[2] The European Union is not subject to contributions. However, its 28 Members are assessed individually. The total share of Members of the European Union represents 34.756% of the total assessed contributions for 2016.**

| Member | 2015 Contribution CHF | 2015 Contri-bution % | 2016 Contribution CHF | 2016 Contri-bution % | Interest earned in 2014 for 2016 CHF | 2016 Net Contribution CHF |
|---|---|---|---|---|---|---|
| Mauritius | 58,650 | 0.030% | 60,605 | 0.031% | 36 | 60,569 |
| Mexico | 3,393,880 | 1.736% | 3,436,890 | 1.758% | 1,447 | 3,435,443 |
| Moldova, Republic of | 39,100 | 0.020% | 37,145 | 0.019% | 22 | 37,123 |
| Mongolia | 46,920 | 0.024% | 50,830 | 0.026% | 0 | 50,830 |
| Montenegro | 29,325 | 0.015% | 29,325 | 0.015% | 19 | 29,306 |
| Morocco | 371,450 | 0.190% | 355,810 | 0.182% | 200 | 355,610 |
| Mozambique | 52,785 | 0.027% | 58,650 | 0.030% | 19 | 58,631 |
| Myanmar | 66,470 | 0.034% | 82,110 | 0.042% | 33 | 82,077 |
| Namibia | 46,920 | 0.024% | 56,695 | 0.029% | 26 | 56,669 |
| Nepal | 37,145 | 0.019% | 39,100 | 0.020% | 23 | 39,077 |
| Netherlands | 5,833,720 | 2.984% | 5,671,455 | 2.901% | 2,748 | 5,668,707 |
| New Zealand | 439,875 | 0.225% | 443,785 | 0.227% | 279 | 443,506 |
| Nicaragua | 48,875 | 0.025% | 48,875 | 0.025% | 25 | 48,850 |
| Niger | 29,325 | 0.015% | 29,325 | 0.015% | 0 | 29,325 |
| Nigeria | 782,000 | 0.400% | 752,675 | 0.385% | 0 | 752,675 |
| Norway | 1,624,605 | 0.831% | 1,569,865 | 0.803% | 779 | 1,569,086 |
| Oman | 355,810 | 0.182% | 377,315 | 0.193% | 93 | 377,222 |
| Pakistan | 351,900 | 0.180% | 344,080 | 0.176% | 163 | 343,917 |
| Panama | 220,915 | 0.113% | 236,555 | 0.121% | 82 | 236,473 |
| Papua New Guinea | 58,650 | 0.030% | 54,740 | 0.028% | 29 | 54,711 |
| Paraguay | 105,570 | 0.054% | 111,435 | 0.057% | 0 | 111,435 |
| Peru | 398,820 | 0.204% | 412,505 | 0.211% | 71 | 412,434 |
| Philippines | 658,835 | 0.337% | 652,970 | 0.334% | 381 | 652,589 |
| Poland | 2,189,600 | 1.120% | 2,103,580 | 1.076% | 1,377 | 2,102,203 |
| Portugal | 869,975 | 0.445% | 823,055 | 0.421% | 235 | 822,820 |
| Qatar | 647,105 | 0.331% | 735,080 | 0.376% | 205 | 734,875 |
| Romania | 688,160 | 0.352% | 660,790 | 0.338% | 315 | 660,475 |
| Russian Federation | 4,371,380 | 2.236% | 4,379,200 | 2.240% | 2,359 | 4,376,841 |
| Rwanda | 29,325 | 0.015% | 29,325 | 0.015% | 0 | 29,325 |
| Saint Kitts and Nevis | 29,325 | 0.015% | 29,325 | 0.015% | 14 | 29,311 |
| Saint Lucia | 29,325 | 0.015% | 29,325 | 0.015% | 10 | 29,315 |
| Saint Vincent and the Grenadines | 29,325 | 0.015% | 29,325 | 0.015% | 0 | 29,325 |
| Samoa | 29,325 | 0.015% | 29,325 | 0.015% | 0 | 29,325 |
| Saudi Arabia, Kingdom of | 2,422,245 | 1.239% | 2,449,615 | 1.253% | 676 | 2,448,939 |
| Senegal | 46,920 | 0.024% | 44,965 | 0.023% | 17 | 44,948 |
| Seychelles | 0 | 0.000% | 29,325 | 0.015% | 0 | 29,325 |
| Sierra Leone | 29,325 | 0.015% | 29,325 | 0.015% | 0 | 29,325 |
| Singapore | 4,609,890 | 2.358% | 4,703,730 | 2.406% | 2,910 | 4,700,820 |
| Slovak Republic | 785,910 | 0.402% | 778,090 | 0.398% | 478 | 777,612 |
| Slovenia | 338,215 | 0.173% | 318,665 | 0.163% | 223 | 318,442 |
| Solomon Islands | 29,325 | 0.015% | 29,325 | 0.015% | 15 | 29,310 |
| South Africa | 1,069,385 | 0.547% | 1,069,385 | 0.547% | 585 | 1,068,800 |
| Spain | 4,306,865 | 2.203% | 4,078,130 | 2.086% | 1,507 | 4,076,623 |
| Sri Lanka | 146,625 | 0.075% | 152,490 | 0.078% | 56 | 152,434 |
| Suriname | 29,325 | 0.015% | 29,325 | 0.015% | 0 | 29,325 |
| Swaziland | 29,325 | 0.015% | 29,325 | 0.015% | 6 | 29,319 |
| Sweden | 2,271,710 | 1.162% | 2,183,735 | 1.117% | 1,357 | 2,182,378 |
| Switzerland | 3,049,800 | 1.560% | 3,460,350 | 1.770% | 1,746 | 3,458,604 |
| Chinese Taipei | 3,006,790 | 1.538% | 2,991,150 | 1.530% | 1,696 | 2,989,454 |
| Tajikistan | 29,325 | 0.015% | 29,325 | 0.015% | 11 | 29,314 |
| Tanzania | 84,065 | 0.043% | 89,930 | 0.046% | 0 | 89,930 |
| Thailand | 2,301,035 | 1.177% | 2,359,685 | 1.207% | 1,425 | 2,358,260 |

| Member | 2015 Contribution CHF | 2015 Contri-bution % | 2016 Contribution CHF | 2016 Contri-bution % | Interest earned in 2014 for 2016 CHF | 2016 Net Contribution CHF |
|---|---|---|---|---|---|---|
| The former Yugoslav Republic of Macedonia | 56,695 | 0.029% | 52,785 | 0.027% | 0 | 52,785 |
| Togo | 29,325 | 0.015% | 29,325 | 0.015% | 0 | 29,325 |
| Tonga | 29,325 | 0.015% | 29,325 | 0.015% | 15 | 29,310 |
| Trinidad and Tobago | 127,075 | 0.065% | 121,210 | 0.062% | 37 | 121,173 |
| Tunisia | 240,465 | 0.123% | 226,780 | 0.116% | 27 | 226,753 |
| Turkey | 1,949,135 | 0.997% | 1,968,685 | 1.007% | 999 | 1,967,686 |
| Uganda | 50,830 | 0.026% | 54,740 | 0.028% | 1 | 54,739 |
| Ukraine | 819,145 | 0.419% | 782,000 | 0.400% | 260 | 781,740 |
| United Arab Emirates | 2,559,095 | 1.309% | 2,699,855 | 1.381% | 163 | 2,699,692 |
| United Kingdom | 7,579,535 | 3.877% | 7,446,595 | 3.809% | 4,635 | 7,441,960 |
| United States of America | 22,114,960 | 11.312% | 21,974,200 | 11.240% | 224 | 21,973,976 |
| Uruguay | 111,435 | 0.057% | 117,300 | 0.060% | 24 | 117,276 |
| Vanuatu | 29,325 | 0.015% | 29,325 | 0.015% | 0 | 29,325 |
| Venezuela, Bolivarian Republic of | 735,080 | 0.376% | 711,620 | 0.364% | 0 | 711,620 |
| Viet Nam | 936,445 | 0.479% | 1,024,420 | 0.524% | 382 | 1,024,038 |
| Yemen | 97,750 | 0.050% | 101,660 | 0.052% | 0 | 101,660 |
| Zambia | 70,380 | 0.036% | 78,200 | 0.040% | 0 | 78,200 |
| Zimbabwe | 37,145 | 0.019% | 50,830 | 0.026% | 0 | 50,830 |
| **TOTAL** | **195,500,000** | **100.00%** | **195,500,000** | **100.00%** | **76,927** | **195,423,073** |

**WAIVERS CURRENTLY IN FORCE** (as of December 31, 2015)

| WAIVER | DECISION | DATE of ADOPTION of DECISION | GRANTED UNTIL | REPORT in 2015[49] |
|---|---|---|---|---|
| **Granted in 2015** | | | | |
| Introduction of Harmonized System 2002 Changes into WTO Schedules of Tariff Concessions[50] | WT/L/967 | 30 November 2015 | 31 December 2016 | - |
| Introduction of Harmonized System 2007 Changes into WTO Schedules of Tariff Concessions[51] | WT/L/968 | 30 November 2015 | 31 December 2016 | - |
| Introduction of Harmonized System 2012 Changes into WTO Schedules of Tariff Concessions[52] | WT/L/969 | 30 November 2015 | 31 December 2016 | - |
| United States – African Growth and Opportunity Act | WT/L/970 | 30 November 2015 | 30 September 2025 | - |
| Least-Developed country Members – Obligations under Article 70.8 and Article 70.9 of the TRIPS Agreement with respect to Pharmaceutical Products | WT/L/971 | 30 November 2015 | 1 January 203 3 | - |
| Canada - CARIBCAN | WT/L/958 | 28 July 2015 | 31 December 2023 | - |
| United States – Caribbean Basin Economic Recovery Act | WT/L/950 | 5 May 2015 | 31 December 2019 | - |

[49] Applicable if so stipulated in the corresponding waiver Decision.
[50] The Members which have requested to be covered under this waiver are: Argentina; China; and, European Union; Iceland; and, Malaysia.
[51] The Members which have requested to be covered under this waiver are: Argentina; Brazil; China; Dominican Republic; El Salvador; European Union; Israel; Korea; Malaysia; Mexico; New Zealand; Philippines; Switzerland; and, Thailand.
[52] The Members which have requested to be covered under this waiver are: Argentina; Australia; Brazil; Canada; China; Costa Rica; Dominican Republic; El Salvador; European Union; Guatemala; Honduras; Hong Kong, China; India; Israel; Korea, Republic of; Macao, China; Malaysia; Mexico; New Zealand; Norway; Pakistan; Philippines; Russian Federation; Singapore; Switzerland; Separate Customs Territory of Taiwan, Penghu, Kinmen and Matsu; Thailand; and, United States.

| WAIVER | DECISION | DATE of ADOPTION of DECISION | GRANTED UNTIL | REPORT in 2015[53] |
|---|---|---|---|---|
| **Previously granted – in force in 2015** | | | | |
| Introduction of Harmonized System 2002 Changes into WTO Schedules of Tariff Concessions[54] | WT/L/945 | 11 December 2014 | 31 December 2015 | - |
| Introduction of Harmonized System 2007 Changes into WTO Schedules of Tariff Concessions[55] | WT/L/946 | 11 December 2014 | 31 December 2015 | - |
| Introduction of Harmonized System 2012 Changes into WTO Schedules of Tariff Concessions[56] | WT/L/947 | 11 December 2014 | 31 December 2015 | - |
| Philippines – Special Treatment for Rice | WT/L/932 | 24 July 2014 | 30 June 2017 | - |
| European Union – Application of Autonomous Preferential Treatment to Moldova – Extension of Waiver | WT/L/903 | 26 November 2013 | 31 December 2015 | - |
| Kimberly Process Certification Scheme for Rough Diamonds - Extension of Waiver[57] | WT/L/876 | 11 December 2012 | 31 December 2018 | - |
| Cuba – Article XV:6 – Extension of waiver | WT/L/850 | 14 February 2012 | 31 December 2016 | - |
| Preferential Treatment to Services and Service Suppliers of Least developed countries | WT/L/847 | 17 December 2011 | 17 December 2026 | WT/L/964 |
| European Union - Application of Autonomous Preferential Treatment to the Western Balkans | WT/L/836 | 30 November 2011 | 31 December 2016 | WT/L/962 |
| Preferential Tariff Treatment for Least-Developed Countries – Decision on Extension of waiver | WT/L/759 | 27 May 2009 | 30 June 2019 | - |
| United States – African Growth and Opportunity Act | WT/L/754 | 27 May 2009 | 30 September 2015 | WT/L/955 |
| United States – Former Trust Territory of the Pacific Islands | WT/L/694 | 27 July 2007 | 31 December 2016 | WT/L/954 |
| Implementation of Para. 6 of the Doha Declaration on the TRIPS Agreement and Public Health | WT/L/540 and Corr.1 | 30 August 2003 | See WT/L/540 and Corr.1 | IP/C/72 |
| Least-Developed Country Members – Obligations under Article 70.9 of the TRIPS Agreement with respect to Pharmaceutical Products | WT/L/478 | 8 July 2002 | 1 January 2016 | - |

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[53] Applicable if so stipulated in the corresponding waiver Decision.
[54] The Members which have requested to be covered under this waiver are: Argentina; China; European Union; Iceland; and, Malaysia.
[55] The Members which have requested to be covered under this waiver are: Argentina; Australia; Brazil; China; Costa Rica; Dominican Republic; El Salvador; European Union; India; Israel; Korea; Macao, China; Malaysia; Mexico; New Zealand; Norway; Pakistan; Philippines; Switzerland; Thailand; United States; and, Uruguay.
[56] The Members which have requested to be covered under this waiver are: Argentina; Australia; Brazil; Canada; China; Costa Rica; Dominican Republic; El Salvador; European Union; Guatemala; Honduras; Hong Kong, China; India; Israel; Korea, Republic of; Macao, China; Malaysia; Mexico; New Zealand; Norway; Pakistan; Philippines; Russian Federation; Singapore; Switzerland; Separate Customs Territory of Taiwan, Penghu, Kinmen and Matsu; Thailand; and, United States.
[57] Annex: Australia, Botswana, Brazil, Canada, Croatia, European Union, India, Israel, Japan, Korea, Mexico, New Zealand, Norway, Philippines, Russian Federation, Singapore, Chinese Taipei, Thailand, Turkey, United States, and Bolivarian Republic of Venezuela.

**Number of WTO Staff Members by Country on January 1, 2016**
(as per information available on January 1, 2016)

| Country | Senior | Professional | Support | Total |
|---|---|---|---|---|
| Albanian | | | 1 | 1 |
| American | 1 | 28 | 4 | 33 |
| Argentine | | 4 | 5 | 9 |
| Australian | | 11 | 2 | 13 |
| Austrian | | 5 | | 5 |
| Bangladeshi | | 1 | | 1 |
| Barbadian | | 1 | | 1 |
| Belgian | | 1 | 4 | 5 |
| Beninese | | 2 | | 2 |
| Bolivian | | 1 | | 1 |
| Brazilian | 1 | 11 | 2 | 14 |
| British | | 23 | 33 | 56 |
| Bulgarian | | 5 | | 5 |
| Burundian | | 1 | | 1 |
| Canadian | | 22 | 1 | 23 |
| Chadian | | 1 | | 1 |
| Chilean | | | 2 | 2 |
| Chinese | 1 | 12 | 1 | 14 |
| Colombian | | 7 | 2 | 9 |
| Congolese, RDC | | 1 | 1 | 2 |
| Costa Rican | | 2 | | 2 |
| Croatian | | 2 | | 2 |
| Cuban | | | 1 | 1 |
| Danish | | 1 | 1 | 2 |
| Dutch | | 4 | 1 | 5 |
| Ecuadorian | | 3 | | 3 |
| Egyptian | | 5 | | 5 |
| Estonia | | 1 | | 1 |
| Finnish | | 3 | 3 | 6 |
| French | | 54 | 118 | 172 |
| Gambian | | 1 | | 1 |
| German | 1 | 19 | 2 | 22 |
| Ghanaian | | 2 | | 2 |
| Greek | | 3 | 2 | 5 |
| Guatemalan | | 1 | 1 | 2 |
| Guinean | | 2 | | 2 |
| Honduran | | | 2 | 2 |
| Hungarian | | 2 | 1 | 3 |
| Indian | | 11 | 1 | 12 |
| Irish | | 5 | 8 | 13 |
| Italian | | 19 | 2 | 21 |
| Jamaican | | 1 | | 1 |
| Japanese | | 4 | | 4 |
| Jordanian | | 1 | | 1 |
| Kenyan | | 1 | | 1 |
| Malawian | | 1 | | 1 |
| Malaysian | | 2 | | 2 |

| Country | Senior | Professional | Support | Total |
|---|---|---|---|---|
| Mauritian | | 1 | 1 | 2 |
| Mexican | | 7 | 1 | 8 |
| Moroccan | | 3 | 1 | 4 |
| Motswana | | 1 | | 1 |
| Nepalese | | 2 | | 2 |
| New Zealand | | 1 | | 1 |
| Nigerian | 1 | 1 | | 2 |
| Norwegian | | 1 | 1 | 2 |
| Pakistani | | 3 | 1 | 4 |
| Paraguayan | | | 1 | 1 |
| Peruvian | | 3 | 6 | 9 |
| Philippine | | 9 | 5 | 14 |
| Polish | | 1 | 1 | 2 |
| Portuguese | | 2 | 2 | 4 |
| Republic of Korea | | 4 | | 4 |
| Romanian | | 1 | 1 | 2 |
| Russian | | 2 | | 2 |
| Rwandan | | 1 | | 1 |
| Saint Lucian | | 1 | | 1 |
| Senegalese | | 1 | 1 | 2 |
| Sierra Leonean | | 1 | | 1 |
| South African | | 1 | | 1 |
| Spanish | | 26 | 15 | 41 |
| Sri Lankan | | 1 | | 1 |
| Swedish | | 3 | | 3 |
| Swiss | | 16 | 16 | 32 |
| Tanzanian | | 1 | | 1 |
| Trinidad and Tobago | | 1 | | 1 |
| Tunisian | | 3 | 2 | 5 |
| Turkish | | 4 | | 4 |
| Ugandan | | 3 | | 3 |
| Ukrainian | | 1 | | 1 |
| Uruguayan | | 2 | 3 | 5 |
| Venezuelan | | 4 | 1 | 5 |
| Vietnamese | | 1 | | 1 |
| Zambian | | 1 | | 1 |
| Zimbabwean | | 2 | | 2 |
| Grand Total | 5 | 403 | 260 | 668 |

**Note: Senior Management includes the Director-General and Deputies Director-General**

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**WTO ACCESSION APPLICATIONS AND STATUS**
(as of December 31, 2015)

| Applicant[1] | Status of Multilateral and Bilateral Work |
|---|---|
| Afghanistan* (2004) | Afghanistan completed its accession negotiations at the Fifth Working Party (WP) meeting on November 11, 2015, and its accession package was approved by the 10th Ministerial Conference on December 15, 2015. The United States provided technical assistance throughout the negotiations. |
| Algeria (1987) | **Inactive.** The last WP meeting convened in March 2014, but there have been no meetings or work since that time. |
| Andorra (1997) | **Inactive.** The last WP meeting in October 1999 reviewed Andorra's legislative implementation schedule and goods and services market access offers. |
| Azerbaijan (1997) | The Twelfth WP meeting was held in February 2015 to continue bilateral market access negotiations as well as discussions on how to bring Azerbaijan's trade regime into compliance with WTO disciplines. The date of the next WP meeting will depend on Azerbaijan's submission of inputs, including responses to Members' questions, additional draft/adopted legislation to implement WTO obligations, and an updated Legislative Action Plan. Completion of the process will require active efforts by Azerbaijan on market access negotiations and legislative implementation of WTO disciplines. |
| The Bahamas (2001) | The Second WP meeting was held in June 2012, and the Bahamas circulated responses to questions from Members in August 2013. Bilateral market access negotiations are ongoing on the basis of an initial market access offer on goods, circulated in March 2012, and a revised market access offer on services, circulated in August 2013. The WTO Secretariat has encouraged the Bahamas to resume negotiations. |
| Belarus (1993) | Belarus' last formal WP meeting was held in May 2005. Informal discussions have continued irregularly since that time, with the last of these held in May 2013. At that time, Belarus was asked to submit updated documentation, a revised market access offer on services, an initial offer on goods, a legislative action plan, and revised checklists on implementation of various WTO Agreements. Belarus received technical assistance from the WTO in late 2015. The next WP meeting will be scheduled as soon as updated documentation is provided. This will include additional information on Belarus' participation in the Eurasian Economic Union (EAEU) with Russia, Kazakhstan, the Kyrgyz Republic and Armenia, along with data on domestic agricultural supports and export subsidies, and the requested initial and revised market access offers. |
| Bhutan * (1999) | **Inactive.** The fourth WP meeting was held in January 2008 to review additional documentation and to conduct market access negotiations for goods and services. Bhutan has not requested further work on its WTO accession since that time, and no WP meetings are scheduled. |
| Bosnia and Herzegovina (1999) | **Inactive.** The Twelfth WP meeting convened in June 2013. Few issues remain and bilateral market access negotiations with interested WTO Members are close to completion, but there have been no meetings or work on this accession since that time. |

* Designates "least developed country" applicant.

[1] "Applicant" column includes date the Working Party was formed. Pre-1995 dates indicate that the original WP was formed under the GATT 1947, but was reformed as a WTO Working Party in 1995.

| Applicant[1] | Status of Multilateral and Bilateral Work |
|---|---|
| Comoros * (2007) | Comoros circulated its Memorandum on the Foreign Trade Regime (MFTR) to WTO Members in October 2013. Comoros is working with the WTO Secretariat to respond to Members' written questions on that document. |
| Equatorial* Guinea (2008) | **Inactive.** Equatorial Guinea's application for membership was accepted at the February 2008 General Council meeting. However, Equatorial Guinea has not yet submitted initial documentation to activate accession negotiations. |
| Ethiopia* (2003) | The third meeting of Ethiopia's WP was held in March 2012. Bilateral market access negotiations were initiated on goods, but Ethiopia must still provide its initial market access offer on services, data on agricultural supports and export subsidies, and a legislative action plan for implementation of WTO obligations. Ethiopia is considering resumption of work, which may occur in 2016. |
| Iran (2005) | **Inactive.** The MFTR was circulated in November 2009. Replies to written questions from WTO Members on that document were circulated in 2011. Before a WP meeting can be convened, consultations with Members would need to be undertaken by the Chairperson of the General Council for the designation of a Chairperson of the Working Party. |
| Iraq (2004) | **Inactive.** Iraq's last WP meeting was held in April 2008. Additional documents on agriculture, SPS and TBT were circulated in 2010. A third WP meeting will be scheduled following Iraq's submission of initial market access offers for goods and services; updated information on agricultural supports and export subsidies, TBT and SPS; and written responses to questions and comments from the previous meeting. |
| Kazakhstan (1996) | Kazakhstan's WTO accession package was adopted by the Working Party on June 22, 2015 and approved by the General Council on July 27, 2015. Kazakhstan ratified its accession package on October 31, and became a full WTO Member on November 30, 2015. |
| Lebanon (1999) | **Inactive.** There have been no WP meetings on Lebanon's WTO accession since October 2009. Domestic political issues and regional turmoil have delayed Lebanon's efforts on legislative implementation and progress towards completion of the accession process. Lebanon has not provided revised market access offers for some time. |
| Liberia* (2007) | Liberia's WTO accession package was adopted by the Working Party on October 5, 2015 and approved by the 10th Ministerial Conference on December 15, 2015. Liberia expects to be a Member in 2016. |
| Libya (2004) | **Inactive.** Libya's application was accepted at the July 2004 General Council meeting. Libya has not circulated any documentation or market access offers to date. |
| Sao Tome and Principe* (2005) | **Inactive.** Sao Tome and Principe's application was accepted at the May 2005 General Council meeting; Sao Tome and Principe has not yet submitted initial documentation to activate accession negotiations. |
| Serbia (2005) | **Inactive.** The 13th Meeting of the WP was held in June 2013 and negotiations on the text of the draft WP report are largely complete. Bilateral market access negotiations with interested Members are substantially concluded, pending agreement on some agricultural tariffs. The WP will not adopt the package, however, until outstanding domestic legislation has been enacted (pertaining to, inter alia, commodity reserves; commodity exchange; genetically modified organisms; and services) and implemented. |

| Applicant[1] | Status of Multilateral and Bilateral Work |
|---|---|
| Seychelles (1995) | Seychelles' WTO accession was approved by the WTO General Council in December 2014, and Seychelles became the 161st Member on April 26, 2015. |
| Sudan* (1995) | **Inactive.** The second WP meeting was held in March 2004. Sudan last tabled market access offers for goods and services in October 2006. |
| Syria (2010) | **Inactive.** Syria's application for accession to the WTO was first circulated in October 2001. Syria's application was accepted at the May 2010 General Council meeting. Syria has not yet submitted initial documentation to activate accession negotiations. |
| Uzbekistan (1995) | **Inactive.** The third WP meeting was held in October 2005 to review additional documentation and initial market access offers. No meetings have been held since that time. |

27 April 2015

# INDICATIVE LIST OF GOVERNMENTAL AND NON-GOVERNMENTAL PANELISTS

*Revision*

1. To assist in the selection of panelists, the DSU provides in Article 8.4 that the Secretariat shall maintain an indicative list of governmental and non-governmental individuals.

2. The attached is a revised consolidated list of governmental and non-governmental panelists.[58] The list is based on the previous indicative list issued on March 31, 2015 (WT/DSB/44/Rev.30). It includes additional names approved by the DSB at its meeting on April 22, 2015[59]. Any future modifications or additions to this list submitted by Members will be circulated in periodic revisions of this list.

3. For practical purposes, the proposals for the administration of the indicative list approved by the DSB on 31 May 1995 are reproduced as an Annex to this document.

[58] Curricula Vitae containing more detailed information are available to WTO Members upon request from the Secretariat (CTNC Division).
[59] See document: WT/DSB/W/545.

| MEMBER | NAME | SECTORAL EXPERIENCE |
|---|---|---|
| **ARGENTINA** | CORTI, Mr. Arístides H. M. | Trade in Goods |
| | LUNAZZI, Mr. Gustavo Nerio | Trade in Goods |
| | MONTOYA, Ms. Beatriz I. | Trade in Goods |
| | NUÑEZ, Mr. Fernando B. | Trade in Goods |
| | PIZZANO, Mr. Germán A. | Trade in Goods and Services |
| | SERRA, Mr. Adrián | Trade in Goods and Services |
| | | |
| **AUSTRALIA** | CHESTER, Mr. Douglas Owen | TRIPS |
| | CHURCHE, Mr. Milton | Trade in Goods |
| | DEADY, Mr. Stephen | Trade in Goods |
| | FARBENBLOOM, Mr. Simon | Trade in Goods and Services |
| | GALLAGHER, Mr. Peter | Trade in Goods; TRIPS |
| | GOSPER, Mr. Bruce | Trade in Goods |
| | HOLMES, Ms. Patricia Ann | Trade in Goods |
| | JENNINGS, Mr. Mark | Trade in Goods; TRIPS |
| | MITCHELL, Mr. Andrew | Trade in Goods and Services; TRIPS |
| | MORETTA, Mr. Remo | Trade in Goods and Services |
| | MULGREW, Mr. Michael | Trade in Goods |
| | MYLER, Mr. Paul | Trade in Goods and Services |
| | O'CONNOR, Mr. Paul Richard | Trade in Goods |
| | RAPER, Ms. Cathy | Trade in Goods and Services |
| | SIN FAR LEE, Ms. Stephanie | Trade in Goods |
| | SPENCER, Mr. David | Trade in Goods |
| | VOON, Ms. Tania Su Lien | Trade in Goods and Services; TRIPS |
| | WITBREUK, Ms. Trudy | Trade in Goods and Services |
| | YOUNG, Ms. Elizabeth | Trade in Goods |
| | | |
| **BOLIVARIAN REPUBLIC OF VENEZUELA** | ESCOBAR, Mr. José Benjamín | Trade in Services |
| | MARQUEZ, Mr. Guillermo | Trade in Services |
| | ROJAS PENSO, Mr. Juan Francisco | Trade in Goods and Services |
| | | |

| MEMBER | NAME | SECTORAL EXPERIENCE |
|---|---|---|
| **BOLIVIA, PLURINATIONAL STATE OF** | ZELADA CASTEDO, Mr. Alberto | Trade in Goods |
| **BRAZIL** | ABREU, Mr. Marcelo de Paiva | Trade in Goods and Services |
| | BARRAL, Mr. Welber Oliveira | Trade in Goods |
| | BARTHEL-ROSA, Mr. Paulo | Trade in Goods |
| | BASSO, Ms. Maristela | Trade in Goods; TRIPS |
| | LEMME, Ms. Marta Calmon | Trade in Goods |
| | MAGALHÃES, Mr. José Carlos | Trade in Goods |
| | MARCONINI, Mr. Mario | Trade in Services |
| | MOURA ROCHA, Mr. Bolívar | Trade in Services |
| | NAIDIN, Ms. Leane Cornet | Trade in Goods |
| | RIOS, Ms. Sandra Polônia | Trade in Goods |
| | THORSTENSEN, Ms. Vera Helena | Trade in Goods |
| | | |
| **CAMEROON** | NGANGJOH HODU, Mr. Yenkong | Trade in Goods and Services; TRIPS |
| | | |
| **CANADA** | BERNIER, Mr. Ivan | Trade in Goods and Services |
| | BRADFORD, Mr. Meriel V. M. | Trade in Goods and Services |
| | BROWN, Ms. Catherine Anne | Trade in Goods and Services; TRIPS |
| | CLARK, Mr. Peter James | Trade in Goods and Services |
| | CLOSE, Ms. Patricia Margaret | Trade in Goods |
| | DE MESTRAL, Mr. Armand | Trade in Goods |
| | EYTON, Mr. Anthony T. | Trade in Goods |
| | GHERSON, Mr. Randolph | Trade in Goods |
| | GOODWIN, Ms. Kirsten M. | Trade in Goods and Services; TRIPS |
| | HALLIDAY, Mr. Anthony L. | Trade in Goods and Services |
| | HERMAN, Mr. Lawrence L. | Trade in Goods |
| | HINES, Mr. Wilfred Roy | Trade in Goods |
| | MacMILLAN, Ms. Kathleen E. | Trade in Goods |
| | McRAE, Mr. Donald Malcolm | Trade in Goods |
| | OSTRY, Ms. Sylvia | Trade in Goods |

| MEMBER | NAME | SECTORAL EXPERIENCE |
|---|---|---|
| | RITCHIE, Mr. Gordon | Trade in Goods |
| | THOMAS, Mr. Christopher | Trade in Goods and Services |
| | WINHAM, Mr. Gilbert R. | Trade in Goods |
| **CHILE** | BIGGS, Mr. Gonzalo | Trade in Goods |
| | ERNST, Mr. Felipe | Trade in Goods and Services |
| | ESCUDERO, Mr. Sergio | TRIPS |
| | ESPINOZA, Mr. Alvaro | Trade in Goods |
| | MATUS, Mr. Mario | Trade in Goods |
| | MLADINIC, Mr. Carlos | Trade in Goods |
| | PEÑA, Ms. Gloria | Trade in Goods |
| | SAEZ, Mr. Sebastián | Trade in Goods and Services |
| | SATELER, Mr. Ricardo | TRIPS |
| | SOSA, Ms. Luz | Trade in Goods and Services |
| | TIRONI, Mr. Ernesto | Trade in Goods |
| | | |
| **CHINA** | CHEN, Mr. Yusong | Trade in Goods and Services; TRIPS |
| | DONG, Mr. Shizhong | Trade in Goods and Services; TRIPS |
| | E, Mr. Defeng | Trade in Goods |
| | GONG, Mr. Baihua | Trade in Goods and Services; TRIPS |
| | HAN, Mr. Liyu | Trade in Goods; TRIPS |
| | HONG, Mr. Xiaodong | Trade in Services |
| | HUANG, Mr. Dongli | Trade in Goods; TRIPS |
| | LI, Mr. Enheng | Trade in Goods and Services |
| | LI, Ms. Yongjie | Trade in Goods and Services |
| | LI, Mr. Zhongzhou | Trade in Goods |
| | SHI, Ms. Xiaoli | Trade in Goods |
| | SUO, Mr. Bicheng | Trade in Goods |
| | YANG, Mr. Guohua | Trade in Goods; TRIPS |
| | ZENG, Mr. Lingliang | Trade in Goods |
| | ZHANG, Ms. Liping | Trade in Goods and Services |

| MEMBER | NAME | SECTORAL EXPERIENCE |
|---|---|---|
| | ZHANG, Mr. Naigen | TRIPS |
| | ZHANG, Mr. Xiangchen | Trade in Goods and Services; TRIPS |
| | ZHANG, Mr. Yuqing | Trade in Goods and Services; TRIPS |
| | ZHAO, Ms. Hong | Trade in Goods and Services; TRIPS |
| | ZHU, Ms. Lanye | Trade in Services; TRIPS |
| **COLOMBIA** | IBARRA PARDO, Mr. Gabriel | Trade in Goods |
| | JARAMILLO, Mr. Felipe | Trade in Goods and Services |
| | LOZANO FERRO, Ms. Olga Lucia | Trade in Goods; TRIPS |
| | OROZCO GOMEZ, Ms. Angela María | Trade in Goods |
| | OROZCO, Ms. Claudia | Trade in Goods |
| | PRIETO, Mr. Diego | Trade in Goods and Services |
| | ROJAS ARROYO, Mr. Santiago | Trade in Goods; TRIPS |
| | TANGARIFE, Mr. Marcel | Trade in Goods; TRIPS |
| | | |
| **CÔTE D'IVOIRE** | GOSSET, Ms. Marie | Trade in Goods; TRIPS |
| | | |
| **CUBA** | COBO ROURA, Mr. Narciso A. | Trade in Goods |
| | LABORA RODRÍGUEZ, Ms. Celia M. | Trade in Goods and Services |
| | VÁZQUEZ De ALVARÉ, Ms. Dánice | TRIPS |
| | | |
| **DJIBOUTI** | PIQUEMAL, Mr. Alain | Trade in Goods and Services; TRIPS |
| | | |
| **DOMINICAN REPUBLIC** | DE LOS SANTOS DE PIANTINI, Ms. Roxana | Trade in Goods; TRIPS |
| | NAUT, Ms. Katrina | Trade in Goods and Services; TRIPS |
| | | |
| **ECUADOR** | ESPINOSA CAÑIZARES, Mr. Cristian | Trade in Goods and Services; TRIPS |
| | MONTAÑO HUERTA, Mr. César | Trade in Goods and Services; TRIPS |
| | PINOARGOTE CEVALLOS, Mr. Alfredo | Trade in Goods |
| | | |
| **EGYPT** | FAWZY, Mr. Abdelrahman | Trade in Goods and Services |

| MEMBER | NAME | SECTORAL EXPERIENCE |
|---|---|---|
| | HATEM, Mr. Samy Affify | Trade in Goods |
| | RIAD, Mr. Tarek Fouad | Trade in Goods and Services; TRIPS |
| | SHAHIN, Ms. Magda | Trade in Goods and Services; TRIPS |
| | SHARAF ELDIN, Mr. Ahmed | Trade in Goods; TRIPS |
| | ZAHRAN, Mr. Mohamed Mounir | Trade in Goods and Services; TRIPS |
| **EUROPEAN UNION** | | |
| **AUSTRIA** | BENEDEK, Mr. Wolfgang | Trade in Goods |
| | REITERER, Mr. Michael G. K. | Trade in Goods and Services; TRIPS |
| | ZEHETNER, Mr. Franz | Trade in Goods |
| | | |
| **BELGIUM** | DIDIER, Mr. Pierre | Trade in Goods |
| | PAUWELYN, Mr. Joost | Trade in Goods and Services; TRIPS |
| | VAN CALSTER, Mr. Geert | Trade in Goods |
| | VAN DER BORGHT, Mr. Kim | Trade in Goods |
| | VANDER SCHUEREN, Ms. Paulette | Trade in Goods and Services |
| | WOUTERS, Mr. Jan | Trade in Goods and Services |
| | ZONNEKEYN, Mr. Geert A. | Trade in Goods |
| | | |
| **CZECH REPUBLIC** | PALEČKA, Mr. Peter | Trade in Goods and Services |
| | | |
| **DENMARK** | NIELSEN, Mr. Karsten Vagn | Trade in Goods; TRIPS |
| | NIELSEN, Ms. Laura | Trade in Goods and Services |
| | OLSEN, Ms. Birgitte Egelund | Trade in Goods |
| | SMIDT, Mr. Steffen | Trade in Goods and Services |
| | | |
| **EUROPEAN UNION** | BRAKELAND, Mr. Jean-François | Trade in Goods and Services |
| | CARL, Mr. Mogens Peter | Trade in Goods and Services; TRIPS |
| | KUIJPER, Mr. Pieter Jan | Trade in Goods and Services; TRIPS |
| | WHITE, Mr. Eric | Trade in Goods and Services; TRIPS |

| MEMBER | NAME | SECTORAL EXPERIENCE |
|---|---|---|
| | | |
| **FINLAND** | HIMANEN, Mr. Vesa | Trade in Goods |
| | LUOTONEN, Mr. Yrjö Kim David | Trade in Goods |
| | | |
| **FRANCE** | ARMAIGNAC, Ms. Marie-Christine | Trade in Services; TRIPS |
| | BOISSON DE CHAZOURNES, Mrs. Laurence | Trade in Goods and Services |
| | JENNY, Mr. Frédéric Yves | Trade in Goods and Services; TRIPS |
| | METZGER, Mr. Jean-Marie | Trade in Goods |
| | MONNIER, Mr. Pierre | Trade in Goods and Services; TRIPS |
| **FRANCE (cont'd)** | RIEGERT, Mr. François | Trade in Goods |
| | RUIZ-FABRI, Ms. Hélène | Trade in Goods and Services |
| | STERN, Ms. Brigitte | Trade in Goods |
| | | |
| **GERMANY** | DELBRÜCK, Mr. Kilian | Trade in Goods |
| | HERRMANN, Mr. Christoph Walter | Trade in Goods; TRIPS |
| | HILF, Mr. Meinhard | Trade in Goods and Services |
| | MENG, Mr. Werner | Trade in Goods, TRIPS |
| | PETERSMANN, Mr. Ernst-Ulrich | Trade in Goods and Services; TRIPS |
| | TANGERMANN, Mr. Stefan | Trade in Goods |
| | | |
| **GREECE** | STANGOS, Mr. Petros N. | Trade in Goods and Services; TRIPS |
| | | |
| **HUNGARY** | HALGAND DANI, Ms. Virág | Trade in Goods and Services; TRIPS |
| | LAKATOS, Mr. Andrés | Trade in Goods and Services |
| | | |
| **IRELAND** | MATTHEWS, Mr. Alan Henry | Trade in Goods |
| | | |
| **ITALY** | GIARDINA, Mr. Andrea | Trade in Goods and Services |
| | MALAGUTI, Ms. Maria Chiara | Trade in Goods and Services; TRIPS |
| | MENSI, Mr. Maurizio | Trade in Goods |
| | | |

| MEMBER | NAME | SECTORAL EXPERIENCE |
|---|---|---|
| **LITHUANIA** | ALISAUSKAS, Mr. Raimondas | Trade in Goods and Services |
| | | |
| **MALTA** | BONELLO, Mr. Michael C. | Trade in Services |
| | | |
| **NETHERLANDS** | BRONCKERS, Mr. Marco | Trade in Goods and Services; TRIPS |
| | GENEE, Mr. Otto | Trade in Goods; TRIPS |
| | HOEKMAN, Mr. Bernard Marco | Trade in Goods and Services; TRIPS |
| | | |
| **POLAND** | PIETRAS, Mr. Jaroslaw | Trade in Services |
| | | |
| **PORTUGAL** | CALHEIROS DA GAMA, Mr. José Sérgio | TRIPS |
| **ROMANIA** | BERINDE, Mr. Mihai | Trade in Goods |
| | CAMPEANU, Ms. Victoria | Trade in Goods |
| | FRATITA, Ms. Carmen Florina | Trade in Goods |
| | | |
| **SPAIN** | DÍAZ MIER, Mr. Miguel Ángel | Trade in Services |
| | LÓPEZ DE SILANES MARTÍNEZ, Mr. Juan Pablo | Trade in Goods and Services |
| | PÉREZ SANCHEZ, Mr. José Luis | Trade in Goods and Services; TRIPS |
| | RIGO, Mr. Andrés | Trade in Services |
| | | |
| **SWEDEN** | AHNLID, Mr. Anders Gustav Ragnar | Trade in Goods and Services; TRIPS |
| | ANELL, Mr. Lars | Trade in Goods; TRIPS |
| | KLEEN, Mr. Peter | Trade in Goods |
| | TAURIAINEN, Mr. Teppo Markus | Trade in Goods and Services; TRIPS |
| | | |
| **UNITED KINGDOM** | BETHLEHEM, Mr. Daniel | Trade in Goods and Services; TRIPS |
| | JOHNSON, Mr. Michael David Clarke | Trade in Goods |
| | MUIR, Mr. Tom | Trade in Goods and Services; TRIPS |
| | PLENDER, Mr. Richard | Trade in Goods |
| | QURESHI, Mr. Asif Hasan | Trade in Goods |
| | ROBERTS, Mr. Christopher William | Trade in Goods and Services |

| MEMBER | NAME | SECTORAL EXPERIENCE |
|---|---|---|
| | ROBERTS, Mr. David F. | Trade in Goods |
| | SAROOSHI, Mr. Dan | Trade in Services |
| | TOULMIN, Mr. John Kelvin | Trade in Services |
| | | |
| **GHANA** | NIMAKO-BOATENG, Ms. Gertrude | Trade in Goods and Services |
| | OPOKU AWUKU, Mr. Emmanuel | Trade in Goods and Services; TRIPS |
| | | |
| **HONG KONG, CHINA** | CARTLAND, Mr. Michael David | Trade in Goods and Services |
| | CHEUNG, Mr. Peter Kam Fai | TRIPS |
| | LEUNG, Ms. Ada Ka Lai | TRIPS |
| | LITTLE, Mr. David | Trade in Goods and Services |
| | MILLER, Mr. Tony J.A. | Trade in Goods and Services |
| **ICELAND** | BJÖRGVINSSON, Mr. David Thór | Trade in Goods and Services |
| | JÓHANNSSON, Mr. Einar M. | Trade in Goods |
| | SANDHOLT, Mr. Brynjolfur | Trade in Goods |
| | | |
| **INDIA** | AGARWAL, Mr. Vinod Kumar | Trade in Goods; TRIPS |
| | AGRAWAL, Mr. Rameshwar Pal | Trade in Goods and Services; TRIPS |
| | BHANSALI, Mr. Sharad | Trade in Goods |
| | BHATNAGAR, Mr. Mukesh | Trade in Goods |
| | BHATTACHARYA, Mr. G. C. | Trade in Goods |
| | CHANDRASEKHAR, Mr. Kesava Menon | Trade in Goods and Services; TRIPS |
| | CHAUDHURI, Mr. Sumanta | Trade in Goods and Services; TRIPS |
| | DAS, Mr. Abhijit | Trade in Goods |
| | DAS, Mr. Bhagirath Lal | Trade in Goods |
| | DASGUPTA, Mr. Jayant | Trade in Goods |
| | GOPALAN, Mr. Rajarangamani | Trade in Goods |
| | GOYAL, Mr. Arun | Trade in Services |
| | KAUSHIK, Mr. Atul | Trade in Goods; TRIPS |
| | KHER, Mr. Rajeev | Trade in Goods and Services; TRIPS |

| MEMBER | NAME | SECTORAL EXPERIENCE |
|---|---|---|
| | KHULLAR, Mr. Rahul | Trade in Goods and Services; TRIPS |
| | KUMAR, Mr. Mohan | Trade in Goods and Services |
| | MOHANTY, Mr. Prasant Kumar | Trade in Goods |
| | MUKERJI, Mr. Asoke Kumar | Trade in Goods and Services; TRIPS |
| | NARAYANAN, Mr. Srinivasan | Trade in Goods; TRIPS |
| | PARTHASARATHY, Mr. R. | Trade in Goods; TRIPS |
| | PRABHU, Mr. Pandurang Palimar | Trade in Goods; TRIPS |
| | PRASAD, Ms. Anjali | Trade in Goods and Services; TRIPS |
| | RAMAKRISHNAN, Mr. N. | Trade in Goods |
| | RAO, Mr. Pemmaraju Sreenivasa | Trade in Goods |
| | REGE, Mr. Narayan Vinod | Trade in Goods |
| | SABHARWAL, Mr. Narendra | TRIPS |
| | SAJJANHAR, Mr. Ashok | Trade in Goods |
| | SESHADRI, Mr. V.S. | Trade in Goods |
| | SHARMA, Mr. Lalit | Trade in Goods and Services; TRIPS |
| **INDIA (cont'd)** | VENUGOPAL, Mr. Krishnan | Trade in Goods; TRIPS |
| | YADAV, Mr. Amit | Trade in Services |
| | ZUTSHI, Mr. B. K. | Trade in Goods and Services; TRIPS |
| | | |
| **ISRAEL** | ALTUVIA, Mr. Magen | Trade in Goods |
| | BROUDE, Mr. Tomer | Trade in Goods and Services; TRIPS |
| | FRID DE VRIES, Ms. Rachel | Trade in Goods and Services; TRIPS |
| | GABAY, Mr. Mayer | TRIPS |
| | HARAN, Mr. Ephraim F. | Trade in Services |
| | HARPAZ, Mr. Guy | Trade in Goods and Services; TRIPS |
| | HOROVITZ, Mr. Dan | Trade in Goods and Services |
| | POLINER, Mr. Howard Zvi | TRIPS |
| | REICH, Mr. Arie | Trade in Goods and Services; TRIPS |
| | SEMADAR, Mr. Moshe | Trade in Goods |
| | SHATON, Mr. Michael Marcel | Trade in Goods and Services |
| | TALBAR, Mr. Michael Adin | Trade in Goods |

| MEMBER | NAME | SECTORAL EXPERIENCE |
|---|---|---|
| | WEILER, Mr. Joseph H.H. | Trade in Goods |
| | | |
| **JAMAICA** | ROBINSON, Mr. Patrick L. | Trade in Goods and Services; TRIPS |
| | | |
| **JAPAN** | ARAKI, Mr. Ichiro | Trade in Goods and Services; TRIPS |
| | ASAKAI, Mr. Kazuo | Trade in Goods |
| | ASAKURA, Mr. Hironori | Trade in Goods |
| | HASEBE, Mr. Masamichi | Trade in Goods and Services |
| | ISHIGE, Mr. Hiroyuki | Trade in Goods |
| | ISHIGURO, Mr. Kazunori | Trade in Goods and Services; TRIPS |
| | IWASAWA, Mr. Yuji | Trade in Goods |
| | KANDA, Mr. Hideki | Trade in Services |
| | KAZEKI, Mr. Jun | Trade in Goods and Services |
| | KEMMOCHI, Mr. Nobuaki | Trade in Goods and Services |
| | KOMETANI, Mr. Kazumochi | Trade in Goods and Services; TRIPS |
| | OHARA, Mr. Yoshio | Trade in Goods; TRIPS |
| | SAITO, Mr. Koji | Trade in Goods |
| **JAPAN (cont'd)** | SANO, Mr. Tadakatsu | Trade in Goods |
| | SHIMIZU, Mr. Akio | Trade in Goods |
| | SUZUKI, Mr. Masabumi | Trade in Goods; TRIPS |
| | TAKAHASHI, Ms. Misako | Trade in Services |
| | TSURUOKA, Mr. Koji | Trade in Services |
| | YAMANE, Ms. Hiroko | Trade in Goods; TRIPS |
| | | |
| **KOREA** | AHN, Mr. Dukgeun | Trade in Goods |
| | AHN, Mr. Ho-Young | Trade in Goods |
| | AHN, Mr. Myung-soo | Trade in Goods |
| | CHO, Mr. Tae-Yul | Trade in Goods |
| | CHOI, Mr. Byung-il | Trade in Services |
| | CHOI, Mr. Won-Mog | Trade in Goods and Services; TRIPS |
| | KIM, Mr. Jong Bum | Trade in Goods |

| MEMBER | NAME | SECTORAL EXPERIENCE |
|---|---|---|
| | LEE, Mr. Jaemin | Trade in Goods |
| | PARK, Mr. Nohyoung | Trade in Goods |
| | WOO, Mr. Jooha | Trade in Goods and Services |
| | | |
| **LIECHTENSTEIN** | ZIEGLER, Mr. Andreas R. | Trade in Services; TRIPS |
| | | |
| **MADAGASCAR** | ANDRIANARIVONY, Mr. Minoarison | Trade in Goods and Services; TRIPS |
| | | |
| **MALAYSIA** | HARUN, Mrs. Hiswani | Trade in Goods |
| | KASIMIR, Mr. Merlyn | Trade in Goods and Services |
| | YACOB, Mr. Muhammad Noor | Trade in Goods |
| | | |
| **MAURITIUS** | BEEKARRY, Mr. Navin | Trade in Goods and Services |
| | BHUGLAH, Mr. Achad | Trade in Goods and Services |
| | | |
| **MEXICO** | AGUILAR ÁLVAREZ, Mr. Guillermo | Trade in Goods and Services; TRIPS |
| | DE LA PEÑA, Mr. Alejandro | Trade in Goods and Services; TRIPS |
| | DE MATEO VENTURINI, Mr. Fernando | Trade in Goods and Services; TRIPS |
| | DE ROSENZWEIG, Mr. Francisco | Trade in Goods and Services; TRIPS |
| **MEXICO (cont'd)** | FERRARI, Mr. Bruno | Trade in Goods and Services; TRIPS |
| | JASSO TORRES, Mr. Humberto | Trade in Goods |
| | LEYCEGUI, Ms. Beatriz | Trade in Goods and Services; TRIPS |
| | PEREZCANO DÍAZ, Mr. Hugo Manuel | Trade in Goods and Services; TRIPS |
| | POBLANO, Mr. José F. | Trade in Services; TRIPS |
| | REYES, Ms. Luz Elena | Trade in Goods |
| | TRASLOSHEROS HERNÁNDEZ, Mr. José Gerardo | Trade in Goods and Services; TRIPS |
| | VÉJAR, Mr. Carlos | Trade in Goods and Services; TRIPS |
| | ZABLUDOVSKY KUPER, Mr. Jaime | Trade in Goods and Services; TRIPS |
| | | |
| **NEPAL** | PANDEY, Mr. Posh Raj | Trade in Goods and Services |
| | SUBEDI, Mr. Surya P. | Trade in Goods and Services; TRIPS |

| MEMBER | NAME | SECTORAL EXPERIENCE |
|---|---|---|
| | | |
| **NEW ZEALAND** | ARMSTRONG, Mr. Wade Mowatt Valentine | Trade in Goods; TRIPS |
| | CARSON, Mr. Christopher Barr | Trade in Goods |
| | FALCONER, Mr. Crawford Dunlop | Trade in Goods |
| | FALCONER, Mr. William John | Trade in Goods and Services; TRIPS |
| | GROSER, Mr. Tim | Trade in Goods |
| | HARVEY, Mr. Martin Wilfred | Trade in Goods |
| | HIGGIE, Ms. Dell Clark | Trade in Goods |
| | KENNEDY, Mr. Peter Douglas | Trade in Goods |
| | MACEY, Mr. Adrian | Trade in Goods; TRIPS |
| | McPHAIL, Mr. Alexander Hugh | Trade in Goods |
| | NOTTAGE, Mr. Richard Frederick | Trade in Goods |
| | SLADE, Ms. Michelle | Trade in Goods and Services; TRIPS |
| | TRAINOR, Mr. Mark Julian | Trade in Goods; TRIPS |
| | WALKER, Mr. David John | Trade in Goods and Services |
| | WOODFIELD, Mr. Edward A. | Trade in Goods |
| | | |
| **NIGER** | TANKOANO, Mr. Amadou | Trade in Goods and Services; TRIPS |
| | | |
| **NIGERIA** | AGAH, Mr. Yonov Frederick | Trade in Goods and Services; TRIPS |
| | NNONA, Mr. George C. | Trade in Goods and Services; TRIPS |
| **NORWAY** | BRYN, Mr. Kåre | Trade in Goods and Services; TRIPS |
| | GLENNE, Mr. Eirik | Trade in Goods and Services |
| | HOLTEN, Ms. Inger | Trade in Goods; TRIPS |
| | LILLERUD, Mr. Kjell | Trade in Goods and Services |
| | SELAND, Mr. Helge A. | Trade in Goods and Services; TRIPS |
| | TØNSETH, Mr. Didrik | Trade in Goods and Services; TRIPS |
| | | |
| **PAKISTAN** | ARIF, Mr. Muhammad Ikram | Trade in Goods |
| | BASHIR, Mr. Shahid | Trade in Goods |
| | HAMID ALI, Mr. Muhammad | Trade in Goods; TRIPS |

| MEMBER | NAME | SECTORAL EXPERIENCE |
|---|---|---|
| | HUSAIN, Mr. Ishrat | Trade in Services |
| | KHAN, Mr. Mujeeb Ahmed | Trade in Goods; TRIPS |
| | MALIK, Mr. Riaz Ahmad | Trade in Goods |
| | MUKHTAR, Mr. Ahmad | Trade in Goods and Services; TRIPS |
| | | |
| **PANAMA** | ALVAREZ DE SOTO, Mr. Francisco | Trade in Goods and Services; TRIPS |
| | FERRER, Mr. Alejandro | Trade in Goods and Services |
| | FRANCIS LANUZA, Ms. Yavel Mireya | Trade in Goods and Services |
| | GONZALEZ, Mr. Carlos Ernesto | Trade in Goods and Services |
| | HARRIS ROTKIN, Mr. Norman | Trade in Goods and Services |
| | SALAZAR FONG, Ms. Diana Alejandrina | Trade in Goods |
| | SHEFFER MONTES, Mr. Leroy Jhon | Trade in Goods and Services |
| | | |
| **PERU** | BELAÚNDE G., Mr. Victor Andres | TRIPS |
| | DE LA PUENTE LEON, Mr. Jose A. | Trade in Goods and Services |
| | DIEZ LIZARDO, Mr. Juan | Trade in Goods |
| | LEÓN-THORNE, Mr. Raúl | Trade in Goods and Services |
| | | |
| **QATAR** | MAKKI, Mr. Fadi | Trade in Goods and Services |
| | | |
| **SRI LANKA** | JAYASEKERA, Mr. Douglas | Trade in Goods; TRIPS |
| **SWITZERLAND** | ADDOR, Mr. Felix | TRIPS |
| | CHAMBOVEY, Mr. Didier | Trade in Goods |
| | COTTIER, Mr. Thomas | Trade in Goods and Services; TRIPS |
| | HÄBERLI, Mr. Christian | Trade in Goods |
| | HOLZER, Mr. Patrick Edgar | Trade in Goods; TRIPS |
| | INEICHEN-FLEISCH, Ms. Marie-Gabrielle | Trade in Goods and Services |
| | KAUFMANN, Ms. Christine | Trade in Services |
| | LEGLER, Mr. Thomas | TRIPS |
| | MÄCHLER, Ms. Monica | Trade in Goods and Services; TRIPS |
| | MEYER, Mr. Matthias | Trade in Goods and Services; TRIPS |

| MEMBER | NAME | SECTORAL EXPERIENCE |
|---|---|---|
| | PANNATIER, Mr. Serge Nicolas | Trade in Goods |
| | TSCHÄENI, Mr. Hanspeter | Trade in Goods |
| | WASESCHA, Mr. Luzius | Trade in Goods and Services; TRIPS |
| | WEBER, Mr. Rolf H. | Trade in Services |
| | ZULAUF, Mr. Daniel | Trade in Goods and Services; TRIPS |
| | | |
| **THE SEPARATE CUSTOMS TERRITORY OF TAIWAN, PENGHU, KINMEN AND MATSU** | CHANG, Ms. Yie-Yun | TRIPS |
| | KAO, Mr. Pei-Huan | Trade in Goods and Services; TRIPS |
| | LI, Ms. Catherine | Trade in Goods |
| | LIN, Ms. Tsai-Yu | Trade in Goods |
| | LO, Mr. Chang-Fa | Trade in Goods and Services |
| | NI, Mr. Kuei-Jung | Trade in Goods; TRIPS |
| | PENG, Ms. Shin-Yi | Trade in Goods and Services |
| | YANG, Ms. Guang-Hwa | Trade in Goods and Services |
| | YANG, Ms. Jen-Ni | Trade in Goods and Services |
| | | |
| **TURKEY** | DILEMRE, Mr. Hüsnü | Trade in Goods |
| | GÜRAKAN, Ms. Tulû | Trade in Goods |
| | KABAALİOĞLU, Mr. A. Haluk | Trade in Goods and Services |
| | KAÇAR, Mr. Bayram | Trade in Goods |
| | MOLLASALIHOĞLU, Mr. Yavuz | Trade in Goods |
| | YAMAN, Mr. Şahin | Trade in Goods |
| | YAPICI, Mr. Murat | Trade in Goods |
| **TURKEY (cont'd)** | YENAL, Mr. Aytaç | Trade in Goods |
| | | |
| **UNITED STATES** | BROWN-WEISS, Ms. Edith | Trade in Goods and Services |
| | CONNELLY, Mr. Warren | Trade in Goods |
| | GANTZ, Mr. David A. | Trade in Goods |
| | GORDON, Mr. Michael Wallace | Trade in Goods |
| | HODGSON, Ms. Mélida | Trade in Goods and Services |
| | KASSINGER, Mr. Theodore W. | Trade in Goods and Services |

| MEMBER | NAME | SECTORAL EXPERIENCE |
|---|---|---|
| | KHO, Mr. Stephen | Trade in Goods and Services; TRIPS |
| | LAYTON, Mr. Duane | Trade in Goods |
| | LICHTENSTEIN, Ms. Cynthia Crawford | Trade in Services |
| | McGINNIS, Mr. John Oldham | Trade in Goods; TRIPS |
| | PARTAN, Mr. Daniel G. | Trade in Goods |
| | POWELL, Mr. Stephen J. | Trade in Goods |
| | SANDSTROM, Mr. Mark R. | Trade in Goods and Services |
| | THOMPSON, Mr. George W. | Trade in Goods |
| | TROSSEVIN, Ms. Marguerite | Trade in Goods |
| | VERRILL, Jr. Mr. Charles Owen | Trade in Goods |
| | | |
| **URUGUAY** | AMORÍN, Mr. Carlos | Trade in Goods; TRIPS |
| | CAYRÚS, Mr. Hugo | Trade in Goods and Services |
| | EHLERS, Mr. William | Trade in Goods |
| | ROSSELLI, Mr. Elbio | Trade in Goods |
| | VANERIO, Mr. Gustavo | Trade in Goods and Services |

**ANNEX**

Administration of the Indicative List

1. To assist in the selection of panelists, the DSU provides in Article 8.4 that the Secretariat shall maintain an indicative list of qualified governmental and non-governmental individuals. Accordingly, the Chairman of the DSB proposed at the 10 February meeting that WTO Members review the roster of non-governmental panelists established on 30 November 1984 (BISD 31S/9) (hereinafter referred to as the "1984 GATT Roster") and submit nominations for the indicative list by mid-June 1995. On 14 March, The United States delegation submitted an informal paper discussing, amongst other issues, what information should accompany the nomination of individuals, and how names might be removed from the list. The DSB further discussed the matter in informal consultations on 15 and 24 March, and at the DSB meeting on 29 March. This note puts forward some proposals for the administration of the indicative list, based on the previous discussions in the DSB.

*General DSU requirements*

2. The DSU requires that the indicative list initially include "the roster of governmental and non-governmental panelists established on 30 November 1984 (BISD 31S/9) and other rosters and indicative lists established under any of the covered agreements, and shall retain names of persons on those rosters and indicative lists at the time of entry into force of the WTO Agreement" (DSU 8.4). Additions to the indicative list are to be made by Members who may "periodically suggest names of governmental and non-governmental individuals for inclusion on the indicative list, providing relevant information on their knowledge of international trade and of the sectors or subject matter of the covered agreements". The names "shall be added to the list upon approval by the DSB" (DSU 8.4).

*Submission of information*

3. As a minimum, the information to be submitted regarding each nomination should clearly reflect the requirements of the DSU. These provide that the list "shall indicate specific areas of experience or expertise of the individuals in the sectors or subject matter of the covered agreements" (DSU 8.4). The DSU also requires that panelists be "well-qualified governmental and/or non-governmental individuals, including persons who have served on or presented a case to a panel, served as a representative of a Member or of a contracting party to GATT 1947 or as a representative to the Council or Committee of any covered agreement or its predecessor agreement, or in the Secretariat, taught or published on international trade law or policy, or served as a senior trade policy official of a Member" (DSU 8.1).

4. The basic information required for the indicative list could best be collected by use of a standardized form. Such a form, which could be called a Summary Curriculum Vitae, would be filled out by all nominees to ensure that relevant information is obtained. This would also permit information on the indicative list to be stored in an electronic database, making the list easily updateable and readily available to Members and the Secretariat. As well as supplying a completed Summary Curriculum Vitae form, persons proposed for inclusion on the indicative list

could also, if they wished, supply a full Curriculum Vitae. This would not, however, be entered into the electronic part of the database.

*Updating of indicative list*

5. The DSU does not specifically provide for the regular updating of the indicative list. In order to maintain the credibility of the list, it should however be completely updated every two years. Within the first month of each two-year period, Members would forward updated Curricula Vitae of persons appearing on the indicative list. At any time, Members would be free to modify the indicative list by proposing new names for inclusion, or specifically requesting removal of names of persons proposed by the Member who were no longer in a position to serve, or by updating the summary Curriculum Vitae.

6. Names on the 1984 GATT Roster that are not specifically resubmitted, together with up-to-date summary Curriculum Vitae, by a Member before 31 July 1995 would not appear after that date on the indicative list.

*Other rosters*

7. The Decision on Certain Dispute Settlement Procedures for the GATS (S/L/2 of 4 April 1995), adopted by the Council for Trade in Services on 1 March 1995, provides for a special roster of panelists with sectoral expertise. It states that "panels for disputes regarding sectoral matters shall have the necessary expertise relevant to the specific services sectors which the dispute concerns". It directs the Secretariat to maintain the roster and "develop procedures for its administration in consultation with the Chairman of the Council". A working document (S/C/W/1 of 15 February 1995) noted by the Council for Trade in Services states that "the roster to be established under the GATS pursuant to this Decision would form part of the indicative list referred to in the DSU". The specialized roster of panelists under the GATS should therefore be integrated into the indicative list, taking care that the latter provides for a mention of any service sectoral expertise of persons on the list.

8. A suggested format for the Summary Curriculum Vitae form for the purposes of maintaining the Indicative List is attached.

**SUMMARY CURRICULUM VITAE**
**FOR PERSONS PROPOSED FOR THE INDICATIVE LIST[60]**

| | | |
|---|---|---|
| **1.** | **Name:** | full name |
| **2.** | **Sectoral Experience**<br>List here any particular sectors of expertise:<br>(e.g. technical barriers, dumping, financial services, intellectual property, etc.) | |
| **3.** | **Nationality(ies)** | all citizenships |
| **4.** | **Nominating Member:** | the nominating Member |
| **5.** | **Date of birth:** | full date of birth |
| **6.** | **Current occupations:** | year beginning, employer, title, responsibilities |
| **7.** | **Post-secondary education** | year, degree, name of institution |
| **8.** | **Professional qualifications** | year, title |
| **9.** | **Trade-related experience in Geneva in the WTO/GATT system** | |
| | a. Served as a panelist | year, dispute name, role as chairperson/member |
| | b. Presented a case to a panel | year, dispute name, representing which party |
| | c. Served as a representative of a contracting party or member to a WTO or GATT body, or as an officer thereof | year, body, role |
| | d. Worked for the WTO or GATT Secretariat | year, title, activity |
| **10**. | **Other trade-related experience** | |

[60] Members putting forward an individual for inclusion on the indicative list are requested to provide full contact details for this individual separately. The Summary Curriculum Vitae and the contact details should be sent electronically to the Secretariat.

| | | |
|---|---|---|
| | a. Government trade work | year, employer, activity |
| | b. Private sector trade work | year, employer, activity |
| **11.** | **Teaching and publications** | |
| | a. Teaching in trade law and policy | year, institution, course title |
| | b. Publications in trade law and policy | year, title, name of periodical/book, author/editor (if book) |
| **12.** | **Language capabilities** | ability to work as a panelist in WTO-official languages and any other language capability |
| | a. English | |
| | b. French | |
| | c. Spanish | |
| | d. Other language(s) | |

**MEMBERSHIP OF THE WTO APPELLATE BODY**
**To December 31, 2015**

On December 4, 2014, Mr. Ricardo Ramírez Hernández informed Members that his second term as Chair of the Appellate Body had expired and that, pursuant to Rule 5.1 of the *Working Procedures for Appellate Review*, the Members of the Appellate Body elected Mr. Peter Van den Bossche to serve as Chair of the Appellate Body, from January 1 through December 31, 2015.

The 2015 Appellate Body was composed of the following members (in alphabetical order): Mr. Ujal Singh Bhatia (India), Mr. Seung Wha Chang (Korea), Mr. Thomas Graham (United States), Mr. Ricardo Ramírez-Hernández (Mexico), Mr. Shree Baboo Chekitan Servansing (Mauritius), Mr. Peter Van den Bossche (Belgium) and Ms. Yuejiao Zhang (China).

*BIOGRAPHICAL NOTES:*

**Ujal Singh Bhatia**

Born in India on 15 April 1950, Ujal Singh Bhatia is currently an independent consultant and academic engaged in developing a policy framework for Indian agricultural investments overseas, while at the same time working with the Commonwealth Secretariat on multilateral trade issues.

From 2004 to 2010, Mr. Bhatia was India's Permanent Representative to the WTO. During his tenure as Permanent Representative, he was an active participant in the dispute settlement process, representing India in a number of dispute settlement cases both as a complainant and respondent in disputes relating to antidumping, as well as taxation and import duty issues. He also has adjudicatory experience having served as a WTO dispute settlement panelist.

Mr. Bhatia previously served as Joint Secretary in the Indian Ministry of Commerce, where he focused on the legal aspects of international trade. During this period, he was also a Member of the Appellate Committee under the Foreign Trade (Development and Regulation) Act. The Committee heard appeals of exporters and importers against the orders of the Director General Foreign Trade. Mr. Bhatia was also Joint Secretary of the Ministry of Information and Broadcasting and held various positions in the public and private sectors of the Indian state of Orissa.

Mr. Bhatia's legal and adjudicatory experience spans three decades. He has focused on addressing domestic and international legal/jurisprudence issues, negotiating trade agreements and policy issues at the bilateral, regional and multilateral levels, and formulating and implementing trade and development policies for a range of agriculture, industry and service sector activities.

Mr. Bhatia is a frequent lecturer on international trade issues, and has published numerous papers and articles in Indian and foreign journals on a wide range of trade and economic issues.

Mr. Bhatia holds an M.A. in Economics from the University of Manchester and from Delhi University, as well as a B.A. (Hons.) in Economics, also from Delhi University.

## Seung Wha Chang

Born in Korea on 1 March 1963, Seung Wha Chang is currently Professor of Law at Seoul National University where he teaches International Trade Law and International Arbitration.

He has served on several WTO dispute settlement panels, including U.S. — FSC, Canada — Aircraft Credits and Guarantees, and EC — Trademarks and Geographical Indications. He has also served as Chairman or Member of several arbitral tribunals dealing with commercial matters. In 2009, he was appointed by the International Chamber of Commerce (ICC) as a Member of the International Court of Arbitration.

Professor Chang began his professional academic career at the Seoul National University School of Law in 1995, and was awarded professorial tenure in 2002. He has taught international trade law and, in particular WTO dispute settlement, at more than 10 foreign law schools, including Harvard Law School, Yale Law School, Stanford Law School, New York University, Duke Law School, and Georgetown University. In 2007, Harvard Law School granted him an endowed visiting professorial chair title, Nomura Visiting Professor of International Financial Systems.

In addition, Professor Chang previously served as a Seoul District Court judge, handling many cases involving international trade disciplines. He also practiced as a foreign attorney at an international law firm in Washington D.C., handling international trade matters, including trade remedies and WTO-related disputes.

Professor Chang has published many books and articles in the field of International Trade Law in internationally recognized journals. In addition, he serves as an Editorial or Advisory Board Member of the Journal of International Economic Law (Oxford University Press) and the Journal of International Dispute Settlement (Oxford University Press).

Professor Chang holds a Bachelor of Laws degree (LL.B.) and a Master of Laws degree (LL.M.) from Seoul National University School of Law; and a Master of Laws degree (LL.M.) as well as a Doctorate in International Trade Law (S.J.D.) from Harvard Law School.

## Thomas R. Graham

Born in the United States on November 23, 1942, Tom Graham is the former head of the international trade practice at a large international law firm and the founder of the international trade practice at another large international law firm. He was one of the first U.S. lawyers to represent respondents in trade remedy cases in various countries around the world, and he was among the first to bring economists, accountants, and other non-lawyer professionals into the international trade practices of private law firms. Most recently, Mr. Graham also headed his international trade practice group's committee on long-term planning and development.

In private law practice, Mr. Graham has participated in trade remedy proceedings, often collaborating with local counsel and national authorities in various countries to develop legal interpretations of laws and regulations consistent with GATT/WTO agreements, and negotiating the resolution of international trade disputes.

Mr. Graham served as Deputy General Counsel in the Office of the U.S. Trade Representative where he was instrumental in the negotiation of the Tokyo Round Agreement on Technical Barriers to Trade and where he represented the U.S. Government in dispute settlement proceedings under the GATT.

Earlier in his career, Mr. Graham served for three years in Geneva as a Legal Officer at the United Nations Conference on Trade and Development (UNCTAD).

Mr. Graham was the first chairman of the American Society of International Law's Committee on International Economic Law and the chair of the American Bar Association's Subcommittee on Exports. He has been a visiting professor at the University of North Carolina Law School and an adjunct professor at the Georgetown Law Center and the American University Washington College of Law. He has edited books on international trade policy, and international trade and environment, and he has written many articles and monographs on international trade law and policy as a Guest Scholar at the Brookings Institution and as a Senior Associate at the Carnegie Endowment for International Peace.

Mr. Graham holds a BA in International Relations and Economics from Indiana University and a J.D. from Harvard Law School.

**Ricardo Ramírez Hernández**

Born in Mexico on October 17, 1968, Ricardo Ramírez Hernández holds the Chair of International Trade Law at the Mexican National University (UNAM) in Mexico City. He was Head of the International Trade Practice for Latin America of an international law firm in Mexico City. His practice focused on issues related to NAFTA and trade across Latin America, including international trade dispute resolution.

Prior to practicing with a law firm, Mr. Ramírez Hernández was Deputy General Counsel for Trade Negotiations of the Ministry of Economy in Mexico for more than a decade. In this capacity, he provided advice on trade and competition policy matters related to 11 free trade agreements signed by Mexico, as well as with respect to multilateral agreements, including those related to the WTO, the Free Trade Area of the Americas (FTAA), and the Latin American Integration Association (ALADI).

Mr. Ramírez Hernández also represented Mexico in complex international trade litigation and investment arbitration proceedings. He acted as lead counsel to the Mexican government in several WTO disputes. He has also served on NAFTA panels and International Centre for Settlements of Investment Disputes (ICSID) arbitral tribunals.

Mr. Ramírez Hernández holds an LL.M. degree in International Business Law from American University Washington College of Law, and a law degree from the Universidad Autónoma Metropolitana.

**Shree Baboo Chekitan Servansing**

Born in Mauritius on April 22, 1955, Shree Baboo Chekitan Servansing enjoyed a long and distinguished career with the Mauritian civil service. From 2004 to 2012, Mr. Servansing was Mauritius' Ambassador and Permanent Representative to the United Nations Office and other International Organizations in Geneva, including the WTO. During his tenure as Permanent Representative, he served on various Committees at the WTO, and chaired the Committees on Trade and Environment, and Trade and Development. He also chaired the Work Programme on Small Economies, the dedicated session on Aid-for-Trade, and the African Group, and was coordinator of the African Caribbean Pacific (ACP) Group.

Mr. Servansing previously worked, in various capacities, for the Mauritius Ministry of Foreign Affairs in Mauritius, India and Belgium. During his tenure at the Mauritius Embassy in Belgium, he was intensively involved in the ACP-EU negotiations leading to the Cotonou Agreement and subsequently in the Economic Partnership Agreement (EPA) negotiations. Mr. Servansing also served as the personal representative of the Prime Minister of Mauritius on the Steering Committee of the New Partnership for Africa's

Development (NEPAD). In this capacity he was engaged in the strategic formulation of Africa's flagship development framework.

Upon retiring from civil service, Mr. Servansing served as the head of the ACP-EU Programme on Technical Barriers to Trade in Brussels from 2012 to 2014. In this position, he was responsible for facilitating the building of capacity among ACP countries in order to enhance their export competitiveness, and improve their Quality Infrastructure to comply with technical regulations.

Mr. Servansing's experience in trade policy, trade negotiations, and the multilateral trading system spans three decades. He has frequently spoken on international trade issues, and has published numerous papers and articles in Mauritian and foreign journals on a variety of trade-related issues.

Mr. Servansing holds an M.A. from the University of Sussex, a Postgraduate Diploma in Foreign Affairs and International Trade from Australian National University, and a B.A. (Hons.) from the University of Mauritius.

**Peter Van den Bossche**

Born in Belgium on March 31, 1959, Peter Van den Bossche is Professor of International Economic Law at Maastricht University, the Netherlands, and Visiting Professor at the College of Europe in Bruges, Belgium. Mr. Van den Bossche is a member of the Board of Editors of the *Journal of International Economic Law*.

Mr. Van den Bossche holds a Doctorate in Law from the European University Institute, Florence, an LL.M. from the University of Michigan Law School, and a Licentiate in de Rechten *magna cum laude* from the University of Antwerp. From 1990 to 1992, he served as a référendaire of Advocate General W. van Gerven at the European Court of Justice in Luxembourg. From 1997 to 2001, Mr. Van den Bossche was Counsellor and subsequently Acting Director of the WTO Appellate Body Secretariat. In 2001, he returned to academia, and from 2002 to 2009 frequently acted as a consultant to international organizations and developing countries on issues of international economic law. He also served and serves on the faculty of the World Trade Institute in Berne, Switzerland; the China-EU School of Law (CESL) at the China University of Political Science and Law (CUPL) in Beijing, China; the IELPO Programme of the University of Barcelona, Spain; the Trade Policy Training Centre in Africa (trapca) in Arusha, Tanzania; the IEEM Academy of International Trade and Investment Law in Macau, China; and the Koç University School in Istanbul, Turkey.

Mr. Van den Bossche has published extensively in the field of international economic law. The third edition of his textbook, *The Law and Policy of the World Trade Organization*, was published by Cambridge University Press in 2013.

**Yuejiao Zhang**

Born in China on 25 October 1944, Ms. Yuejiao Zhang is Professor of Law at Shantou University in China. She is an Arbitrator on China’s International Trade and Economic Arbitration Commission and practices law as a private attorney. Ms. Zhang also serves as Vice President of China's International Economic Law Society.

Between 1998 and 2004, Ms. Zhang held various positions at the Asian Development Bank. Prior to this, Ms. Zhang held several positions in government and academia in China, including as Director-General of Law and Treaties at the Ministry of Foreign Trade and Economic Cooperation (1984-1997) where she was

involved in drafting many of China's trade laws, such as the Foreign Trade Law, the Anti-Dumping Regulation and the Anti-Subsidy Regulation.

From 1987 to 1996, Ms. Zhang was one of China's chief negotiators on intellectual property and was involved in the preparation of China's patent law, trade mark law, and copyright law. She also served as the chief legal counsel for China's GATT resumption and WTO accession. Between 1982 and 1985, Ms. Zhang worked as legal counsel at the World Bank.

Ms. Zhang was a Member of UNIDROIT from 1987-1999. She has a Bachelor of Arts from China High Education College and a Master of Laws from Georgetown University Law

Source: http://www.wto.org/english/tratop_e/dispu_e/ab_members_descrp_e.htm

**Where to Find More Information on the WTO**

Information about the WTO and trends in international trade is available to the public at the following websites:

The USTR home page: http://www.ustr.gov

The WTO home page: http://www.wto.org

U.S. submissions are available electronically on the WTO website using Documents Online, which can retrieve an electronic copy by the "document symbol". Electronic copies of U.S. submissions are also available at the USTR website.

Examples of information available on the WTO home page include:

Descriptions of the Structure and Operations of the WTO, such as:

- WTO Organizational Chart
- Biographic backgrounds
- Budgets for the WTO
- WTO Budget Contributions
- Membership
- General Council activities
- WTO Secretariat Statistics

WTO News, such as:

- Status of dispute settlement cases
- Press Releases on Appointments to WTO Bodies, Appellate Body Reports and Panel Reports, and others
- Schedules of future WTO meetings
- Trade Policy Review Mechanism reports on individual Members' trade practices

Resources including Official Documents, such as:

- Notifications required by the Uruguay Round Agreements
- Working Procedures for Appellate Review
- Special Studies on key WTO issues
- On-line document database where one can find and download official documents
- Legal Texts of the WTO agreements
- WTO Annual Reports

Community/Fora, such as:

- Media and NGOs
- General public news and chat rooms
- Facebook
- YouTube
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Trade Topics, such as:

- Briefing Papers on WTO activities in individual sectors, including goods, services, intellectual property, other topics
- Disputes and Dispute Reports

WTO publications may be ordered directly from the following sources:

1. The World Trade Organization
   Publications Services
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# ANNEX III

# U.S. TRADE-RELATED AGREEMENTS AND DECLARATIONS

## I. Agreements That Have Entered Into Force

Following is a list of trade agreements entered into by the United States since 1984 and monitored by the Office of the United States Trade Representative for compliance.

### Multilateral and Plurilateral Agreements

- Marrakesh Agreement Establishing the World Trade Organization (WTO) (signed April 15, 1994), the Ministerial Decisions and Declarations adopted by the Uruguay Round Trade Negotiations Committee on December 15, 1993, and subsequent WTO agreements.

    a. Multilateral Agreements on Trade in Goods

        i. General Agreement on Tariffs and Trade 1994
        ii. Agreement on Agriculture
        iii. Agreement on the Application of Sanitary and Phytosanitary Measures
        iv. Agreement on Technical Barriers to Trade
        v. Agreement on Trade-Related Investment Measures
        vi. Agreement on Implementation of Article VI of the General Agreement on Tariffs and Trade 1994
        vii. Agreement on Implementation of Article VII of the General Agreement on Tariffs and Trade 1994
        viii. Agreement on Preshipment Inspection
        ix. Agreement on Rules of Origin
        x. Agreement on Import Licensing Procedures
        xi. Agreement on Subsidies and Countervailing Measures
        xii. Agreement on Safeguards

    b. General Agreement on Trade in Services (GATS)

        i. Fourth Protocol to the GATS (Basic Telecommunication Services) (February 5, 1998)
        ii. Fifth Protocol to the GATS (Financial Services) (March 1, 1999)

    c. Agreement on Trade-Related Aspects of Intellectual Property Rights

    d. Plurilateral Trade Agreements

        i. Agreement on Trade in Civil Aircraft (April 12, 1979; amended in 1986)
        ii. Agreement on Government Procurement (April 15, 1994; amended in 2014)

- WTO Ministerial Declaration on Trade in Information Technology Products (Information Technology Agreement (ITA)) (March 26, 1997)

- Declaration on the Expansion of Trade in Information Technology Products (July 28, 2015)

- International Tropical Timber Agreement (successor to the 1994 International Tropical Timber Agreement, December 7, 2011)

- International Coffee Agreement 2007 (successor to the 2001 International Coffee Agreement; entered into force February 2, 2011)

- North American Free Trade Agreement (January 1, 1994)

    i. Agreement with Mexico and Canada to a first round of NAFTA Accelerated Tariff Elimination (March 26, 1997)
    ii. Agreement with Mexico and Canada to a second round of NAFTA Accelerated Tariff Elimination (July 27, 1998)
    iii. Agreement with Mexico to a third round of NAFTA Accelerated Tariff Elimination (November 29, 2000)
    iv. Agreement with Mexico to a fourth round of NAFTA Accelerated Tariff Elimination (December 5, 2001)
    v. Agreement with Mexico and Canada on adjustments to the NAFTA Rules of Origin (November 27, 2002)
    vi. Agreement with Mexico and Canada on adjustments to the NAFTA Rules of Origin (October 8, 2004)
    vii. Agreement with Mexico and Canada on adjustments to the NAFTA Rules of Origin (March 8, 2006)
    viii. Agreement with Mexico and Canada on adjustments to the NAFTA Rules of Origin (April 11, 2008)
    ix. Agreement with Mexico and Canada on adjustments to the NAFTA Rules of Origin (April 9, 2009)

- North American Agreement on Environmental Cooperation (January 1, 1994)

- North American Agreement on Labor Cooperation (January 1, 1994)

- Statement Concerning Semiconductors by the European Commission and the Governments of the United States, Japan, and Korea (June 10, 1999)

- Agreement on Mutual Acceptance of Oenological Practices (December 18, 2001)

- The Dominican Republic-Central America-United States Free Trade Agreement (Costa Rica (January 1, 2009); the Dominican Republic (March 1, 2007); El Salvador (March 1, 2006); Guatemala (July 1, 2006); Honduras (April 1, 2006); and Nicaragua (April 1, 2006))

    i. Amendment to the Dominican Republic-Central America-United States Free Trade Agreement relating to Article 22.5 (March 29, 2006)
    ii. Amendment to the Dominican Republic-Central America-United States Free Trade Agreement relating to Textiles Matters (August 15, 2008)
    iii. Amendment to the Dominican Republic-Central America-United States Free Trade Agreement relating to Guatemala Tariffs on Beer (February 4, 2009)
    iv. Decision Regarding the Rules of Origin for Textile and Apparel Goods (Feb. 23, 2011)
    v. Decision Regarding Appendix 4.1-B (Feb. 23, 2011)
    vi. Decision Regarding Annex 9.1.2(b)(i) (Feb. 23, 2011)
    vii. Decision Regarding Common Guidelines for the Interpretation, Application and Administration of Chapter Four (October 27, 2012)
    viii. Decision Regarding the Specific Rules of Origin of Annex 4.1 (March 26, 2015)

ix. Decision Regarding the Special Rules of Origin of Appendix 3.3.6 (March 26, 2015)
x. Decision Regarding The Tariff Elimination for Lines 15071000, 15121100 and 15152100 of Annex 3.3 (Tariff Schedule of Costa Rica) (March 26, 2015)

- Agreement Establishing a Secretariat for Environmental Matters Under the Dominican Republic-Central America-United States Free Trade Agreement (August 25, 2006)

- Agreement on Duty-Free Treatment of Multi-Chips Integrated Circuits (MCPs) (January 18, 2006) (Korea, Taiwan, Japan, European Union, and the United States)

- Agreement on Requirements for Wine Labeling (January 23, 2007) (Australia, Argentina, Canada, Chile, New Zealand, and the United States)

# Bilateral Agreements

**Albania**

- Agreement on Bilateral Trade Relations (May 14, 1992)
- Bilateral Investment Treaty (January 4, 1998)

**Argentina**

- Private Courier Mail Agreement (May 25, 1989)
- Bilateral Investment Treaty (October 20, 1994)

**Armenia**

- Agreement on Bilateral Trade Relations (April 7, 1992)
- Bilateral Investment Treaty (March 29, 1996)

**Australia**

- Settlement on Leather Products Trade (November 25, 1996)
- Understanding on Automotive Leather Subsidies (June 20, 2000)
- Agreement to Implement Phase I of the Asia Pacific Economic Cooperation (APEC) Mutual Recognition Arrangement for Conformity Assessment of Telecommunications Equipment (October 19, 2002)
- United States-Australia Free Trade Agreement (January 1, 2005)

**Azerbaijan**

- Agreement on Bilateral Trade Relations (April 21, 1995)
- Bilateral Investment Treaty (August 2, 2001)

**Bahrain**

- Bilateral Investment Treaty (May 30, 2001)
- United States-Bahrain Free Trade Agreement (August 1, 2006)

**Bangladesh**

- Bilateral Investment Treaty (July 25, 1989)

**Belarus**

- Agreement on Bilateral Trade Relations (February 16, 1993)

**Bolivia**

- Bilateral Investment Treaty (June 6, 2001)

**Brazil**

- Memorandum of Understanding Between the Government of Brazil and the Government of the United States Concerning Trade Measures in the Automotive Sector (March 16, 1998)
- Exchange of Letters between the United States and Brazil Regarding Certain Distinctive Products (April 9, 2012)
- Memorandum of Understanding Between the Government of the United States and the Government of the Federative Republic of Brazil Related to the Cotton Dispute (WT/DS267) (October 1, 2014)

**Bulgaria**

- Agreement on Trade Relations (November 22, 1991)
- Bilateral Investment Treaty (June 2, 1994; amended January 1, 2007)
- Agreement Concerning Intellectual Property Rights (July 6, 1994)

**Cambodia**

- Agreement between the United States of America and the Kingdom of Cambodia on Trade Relations and Intellectual Property Rights Protection (October 8, 1996)

**Cameroon**

- Bilateral Investment Treaty (April 6, 1989)

**Canada**

- Agreement on Salmon & Herring (May 11, 1993)
- Agreement Regarding Tires (May 25, 1993)
- Memorandum of Understanding on Provincial Beer Marketing Practices (August 5, 1993)
- Agreement on Ultra-High Temperature Milk (September 1993)
- Agreement on Beer Market Access in Quebec and British Columbia Beer Antidumping Cases (April 4, 1994)
- Agreement on Salmon & Herring (April 1994)
- Agreement on Barley Tariff-Rate Quota (September 8, 1997)
- Record of Understanding on Agriculture (December 1998)
- Agreement on Magazines (Periodicals) (May 1999)

- Agreement on Implementation of the WTO Decision on Canada's Dairy Support Programs (December 1999)
- Agreement to Implement Phase I of the Asia Pacific Economic Cooperation (APEC) Mutual Recognition Arrangement for Conformity Assessment of Telecommunications Equipment (January 17, 2002)
- Agreement to Implement Phase II of the Asia Pacific Economic Cooperation (APEC) Mutual Recognition Arrangement for Conformity Assessment of Telecommunications Equipment (January 28, 2003)
- United States-Canada Understanding on Implementation of the Decision of the WTO General Council of August 30, 2003, on "Implementation of Paragraph 6 of the Doha Declaration on the TRIPS Agreement and Public Health" as Interpreted by the Accompanying Statement of the Chairman of the General Council of the Same Date (July 16, 2004)
- Softwood Lumber Agreement between the Government of the United States of America and the Government of Canada (SLA 2006) (October 12, 2006; extended January 23, 2012)
- Technical Arrangement between the United States and Canada concerning Trade in Potatoes (November 1, 2007)
- Agreement Between the Government of the United States and the Government of Canada on Government Procurement (February 16, 2010)

**Chile**

- United States-Chile Free Trade Agreement (January 1, 2004)
- United States-Chile Agreement on Accelerated Tariff Elimination (November 14, 2008)
- United States-Chile Agreement on Trade in Table Grapes (November 21, 2008)
- United States-Chile Agreement on Beef Grade Labeling (March 26, 2009)
- United States-Chile Exchange of Letters on Chapter 17 of United States-Chile Free Trade Agreement (March 17, 2011)

**China**

- Accord on Industrial and Technological Cooperation (January 12, 1984)
- Memorandum of Understanding on the Protection of Intellectual Property Rights (January 17, 1992)
- Memorandum of Understanding on Prohibiting Import and Export in Prison Labor Products (June 18, 1992)
- Memorandum of Understanding Concerning Market Access (October 10, 1992)
- Agreement on Trade Relations between the United States of America and the People's Republic of China (February 1, 1980)
- Agreement on Providing Intellectual Property Rights Protection (February 26, 1995)

- Report on China's Measures to Enforce Intellectual Property Protections and Other Measures (June 17, 1996)
- Interim Agreement on Market Access for Foreign Financial Information Companies (Xinhua) (October 24, 1997)
- Bilateral Agriculture Agreement (April 10, 1999)
- Memorandum of Understanding between China and the United States Regarding China's Value-Added Tax on Integrated Circuits (July 14, 2004)
- Memorandum of Understanding between the Governments of the United States of America and the People's Republic of China Concerning Trade in Textile and Apparel Products (November 8, 2005)
- Memorandum of Understanding between the United States of America and the People's Republic of China Regarding Certain Measures Granting Refunds, Reductions, or Exemptions from Taxes or Other Payments (November 29, 2007)
- Memorandum of Understanding between the United States of America and the People's Republic of China Regarding Certain Measures Affecting Foreign Suppliers of Financial Information Services (November 13, 2008)
- Memorandum of Understanding between the People's Republic of China and the United States of America Regarding Films for Theatrical Release (April 25, 2012)

**Colombia**

- Memorandum of Understanding on Trade in Bananas (January 9, 1996)
- Exchange of Letters between the United States and Colombia on Sanitary and Phyto-sanitary Measures and Technical Barriers to Trade Issues (February 27, 2006)
- Exchange of Letters between the United States and Colombia on Beef Sanitary and Phyto-sanitary Issues (August 21, 2006)
- Exchange of Letters between United States and Colombia on Control Measures on Avian Influenza (April 15, 2012)
- Exchange of Letters between United States and Colombia on Control Measures on Salmonella in Poultry and Poultry Products (April 15, 2012)
- Exchange of Letters between United States and Colombia on Phyto-sanitary Measures for Paddy Rice (April 15, 2012)
- Exchange of Letters between United States and Colombia related to Constitutional Court Review of Certain IPR Treaties (April 15, 2012)
- United States-Colombia Trade Promotion Agreement (May 15, 2012)

**Congo, Democratic Republic of the (formerly Zaire)**

- Bilateral Investment Treaty (July 28, 1989)

**Congo, Republic of the**

- Bilateral Investment Treaty (August 13, 1994)

**Costa Rica**

- Memorandum of Understanding on Trade in Bananas (January 9, 1996)

**Croatia**

- Memorandum of Understanding on Intellectual Property Rights (May 26, 1998)
- Bilateral Investment Treaty (June 20, 2001)

**Czech Republic**

- Bilateral Investment Treaty (December 19, 1992; amended May 1, 2004)

**Dominican Republic**

- Exchange of Letters on Trade in Textile and Apparel Goods (October 21, 2006)

**Ecuador**

- Agreement on Intellectual Property Rights Protection (October 15, 1993)
- Bilateral Investment Treaty (May 11, 1997)

**Egypt**

- Bilateral Investment Treaty (June 27, 1992)

**Estonia**

- Bilateral Investment Treaty (February 16, 1997; amended May 1, 2004)

**European Economic Area – European Free Trade Association (EEA EFTA States – Norway, Iceland, and Liechtenstein)**

- Agreement on Mutual Recognition between the United States of America and the EEA EFTA States Regarding Telecommunications Equipment, Electromagnetic Compatibility and Recreational Craft (March 1, 2006)
- Agreement between the United States of America and the EEA EFTA States on the Mutual Recognition of Certificates of Conformity for Marine Equipment (March 1, 2006)

**European Union**

- Wine Accord (July 1983)
- Agreement for the Conclusion of Negotiations between the United States and the European Community under GATT Article XXIV:6 (January 30, 1987)
- Agreement on Exports of Pasta with Settlement, Annex and Related Letter (September 15, 1987)

- Agreement on Canned Fruit (updated) (April 14, 1992)
- Agreement on Meat Inspection Standards (November 13, 1992)
- Corn Gluten Feed Exchange of Letters (December 4 and 8, 1992)
- Malt-Barley Sprouts Exchange of Letters (December 4 and 8, 1992)
- Oilseeds Agreement (December 4 and 8, 1992)
- Agreement on Recognition of Bourbon Whiskey and Tennessee Whiskey as Distinctive U.S. Products (March 28, 1994)
- Memorandum of Understanding on Government Procurement (April 15, 1994)
- Letter on Financial Services Confirming Assurances to Provide Full MFN and National Treatment (July 14, 1995)
- Agreement on EU Grains Margin of Preference (signed July 22, 1996; retroactively effective December 30, 1995)
- Exchange of Letters Concerning Implementation of the Marrakesh Agreement Establishing the World Trade Organization and Related Matters (June 26, 1996)
- Exchange of Letters between the United States of America and the European Community on a Settlement for Cereals and Rice, and Accompanying Exchange of Letters on Rice Prices (July 22, 1996)
- Agreement for the Conclusion of Negotiations between the United States of America and the European Community under GATT Article XXIV:6, and Accompanying Exchange of Letters (signed July 22, 1996; retroactively effective December 30, 1995)
- Tariff Initiative on Distilled Spirits (February 28, 1997)
- Agreement on Global Electronic Commerce (December 9, 1997)
- Agreed Minute on Humane Trapping Standards (December 18, 1997)
- Agreement on Mutual Recognition between the United States of America and the European Community (December 1, 1998)
- Agreement between the United States and the European Community on Sanitary Measures to Protect Public and Animal Health in Trade in Live Animals and Animal Products (July 20, 1999)
- Understanding on Bananas (April 11, 2001)
- Agreement between the United States of America and the European Community on the Mutual Recognition of Certificates of Conformity for Marine Equipment (July 1, 2004)
- Agreement in the Form of an Exchange of Letters between the United States and the European Community Relating to the Method of Calculation of Applied Duties for Husked Rice (June 30, 2005; retroactively effective March 1, 2005)
- Agreement between the United States and European Community on Trade in Wine (March 10, 2006)

- Agreement in the Form of an Exchange of Letters between the United States and the European Union pursuant to Article XXIV:6 and Article XXVIII of the GATT 1994 Relating to the Modification of Concessions in the Schedules of the Czech Republic, the Republic of Estonia, the Republic of Cyprus, the Republic of Latvia, the Republic of Lithuania, the Republic of Hungary, the Republic of Malta, the Republic of Poland, the Republic of Slovenia and the Slovak Republic in the Course of their Accession to the European Union (March 22, 2006)

- Joint Letter from the United States and the European Communities on implementation of GATS Article XXI procedures relating to the accession to the European Communities of the Czech Republic, Estonia, Cyprus, Latvia, Lithuania, Hungary, Malta, Austria, Poland, Slovenia, the Slovak Republic, Finland, and Sweden (August 7, 2006)

- Memorandum of Understanding Between the United States and European Commission Regarding the Importation of Beef from Animals Not Treated with Certain Growth-Promoting Hormones and Increased Duties Applied to Certain Products of the European Communities (May 13, 2009)

- Agreement on Trade in Bananas Between the United States of America and the European Union (January 24, 2013)

- Agreement in the Form of an Exchange of Letters Between the United States of America and the European Union Pursuant to Articles XXIV:6 and XXVIII of the GATT 1994 (July 1, 2013)

**Georgia**

- Agreement on Bilateral Trade Relations (August 13, 1993)

- Bilateral Investment Treaty (August 17, 1997)

**Grenada**

- Bilateral Investment Treaty (March 3, 1989)

**Haiti**

- Exchange of Letters on Trade in Textile and Apparel Goods (September 18, 2008)

**Hong Kong**

- Agreement to Implement Phase I and Phase II of the Asia Pacific Economic Cooperation (APEC) Mutual Recognition Arrangement for Conformity Assessment of Telecommunications Equipment (April 4, 2005)

- Memorandum of Understanding between the United States of America and the Hong Kong Special Administrative Region Concerning Cooperation in Trade in Textile and Apparel Goods (August 1, 2005)

**Honduras**

- Memorandum of Understanding on Worker Rights (November 15, 1995)

- Bilateral Investment Treaty (July 11, 2001)

**Hungary**

- Agreement on Trade Relations (July 7, 1978)
- Agreement on Intellectual Property Rights Protection (September 29, 1993)

**India**

- Agreement Regarding Indian Import Policy for Motion Pictures (February 5, 1992)
- Reduction of Tariffs on In-Shell Almonds (May 27, 1992)
- Agreement on Intellectual Property Rights Protections (March 1993)
- Agreement on Import Restrictions (December 28, 1999)
- Agreement on Textile Tariff Bindings (September 15, 2000)

**Indonesia**

- Conditions for Market Access for Films and Videos into Indonesia (April 19, 1992)
- Memorandum of Understanding with Indonesia Concerning Cooperation in Trade in Textile and Apparel Goods (September 26, 2006)

**Israel**

- United States-Israel Free Trade Agreement (August 19, 1985)
- United States-Israel Agreement Concerning Certain Aspects of Trade in Agricultural Products (July 27, 2004; extended by Exchange of Letters (December 10, 2008; December 6, 2009; December 12, 2010; December 6, 2011; November 19, 2012; November 26, 2013, December 8, 2014)
- Mutual Recognition Agreement between the Government of the United States of America and the Government of the State of Israel for Conformity Assessment of Telecommunications Equipment (December 12, 2013)

**Jamaica**

- Agreement on Intellectual Property (February 1994)
- Bilateral Investment Treaty (March 7, 1997)

**Japan**

- Market-Oriented Sector-Selective (MOSS) Agreement on Medical Equipment and Pharmaceuticals (January 9, 1986)
- Exchange of Letters Regarding Tobacco (October 6, 1986)
- Foreign Lawyers Agreement (February 27, 1987)
- Science and Technology Agreement (June 20, 1988; extended June 16, 1993)

- Procedures to Introduce Supercomputers (June 15, 1990)
- Measures Relating to Wood Products (June 15, 1990)
- Policies and Procedures Regarding Satellite Research and Development/Procurement (June 15, 1990)
- Policies and Procedures Regarding International Value-Added Network Services and Network Channel Terminating Equipment (July 31, 1990)
- Joint Announcement on Amorphous Metals (September 21, 1990)
- Measures Further to 1990 Policies and Procedures regarding International Value-Added Network Services (April 27, 1991)
- Measures Regarding International Value-Added Network Services Investigation Mechanisms (June 25, 1991)
- United States-Japan Major Projects Arrangement (July 31, 1991; originally negotiated 1988)
- Measures Related to Japanese Public Sector Procurement of Computer Products and Services (January 22, 1992)
- United States-Japan Framework for a New Economic Partnership (July 10, 1993)
- Exchange of Letters Regarding Apples (September 13, 1993)
- United States-Japan Public Works Agreement (January 18, 1994)
- Mutual Understanding on Intellectual Property Rights between the Japanese Patent Office and the U.S. Patent and Trademark Office (January 20, 1994)
- Rice (April 15, 1994)
- Harmonized Chemical Tariffs (April 15, 1994)
- Copper (April 15, 1994)
- Market Access (April 15, 1994)
- Actions to be Taken by the Japanese Patent Office and the U.S. Patents and Trademark Office pursuant to the January 20, 1994, Mutual Understanding on Intellectual Property Rights (August 16, 1994)
- Measures by the Government of the United States and the Government of Japan Regarding Insurance (October 11, 1994)
- Measures on Japanese Public Sector Procurement of Telecommunications Products and Services (November 1, 1994)
- Measures Related to Japanese Public Sector Procurement of Medical Technology Products and Services (November 1, 1994)
- Measures Regarding Financial Services (February 13, 1995)
- Policies and Measures Regarding Inward Direct Investment and Buyer-Supplier Relationships (June 20, 1995)

- Exchange of Letters on Financial Services (July 26 and 27, 1995)
- Interim Understanding for the Continuation of Japan-U.S. Insurance Talks (September 30, 1996)
- United States-Japan Insurance Agreement (December 24, 1996)
- Japan's Recognition of U.S.-Grade marked Lumber (January 13, 1997)
- Resolution of WTO dispute with Japan on Sound Recordings (January 13, 1997)
- National Policy Agency Procurement of VHF Radio Communications System (March 31, 1997)
- United States-Japan Enhanced Initiative on Deregulation and Competition Policy (June 19, 1997)
- United States-Japan Agreement on Distilled Spirits (December 17, 1997)
- First Joint Status Report on Deregulation and Competition Policy (May 29, 1998)
- United States-Japan Joint Report on Investment (April 28, 1999)
- Second Joint Status Report on Deregulation and Competition Policy (May 3, 1999)
- United States-Japan Agreement on NTT Procurement Procedures (July 1, 1999)
- Third Joint Status Report on Deregulation and Competition Policy (July 19, 2000)
- Fourth Joint Status Report on Deregulation and Competition Policy (June 30, 2001)
- United States-Japan Economic Partnership for Growth (June 30, 2001)
- First Report to the Leaders on the U.S.-Japan Regulatory Reform and Competition Policy Initiative (June 25, 2002)
- Second Report to the Leaders on the U.S.-Japan Regulatory Reform and Competition Policy Initiative (May 23, 2003)
- Third Report to the Leaders on the U.S.-Japan Regulatory Reform and Competition Policy Initiative (June 8, 2004)
- Fourth Report to the Leaders on the U.S.-Japan Regulatory Reform and Competition Policy Initiative (November 2, 2005)
- Fifth Report to the Leaders on the U.S.-Japan Regulatory Reform and Competition Policy Initiative (June 29, 2006)
- Sixth Report to the Leaders on the U.S.-Japan Regulatory Reform and Competition Policy Initiative (June 6, 2007)
- Agreement on Mutual Recognition of Results of Conformity Assessment Procedures between the United States of America and Japan (U.S.-Japan Telecom MRA) (January 1, 2008)
- Seventh Report to the Leaders on the U.S.-Japan Regulatory Reform and Competition Policy Initiative (July 5, 2008)
- Eighth Report to the Leaders on the U.S.-Japan Regulatory Reform and Competition Policy Initiative (July 6, 2009)

- Memorandum Between the Relevant Authorities of the United States and the Ministry of Health, Labour and Welfare of Japan Concerning Enforcement of Japan's Pesticide Maximum Residue Levels (July 28, 2009)
- Record of Discussion, U.S.-Japan Economic Harmonization Initiative (January 27, 2012)

**Jordan**

- Agreement between the United States and Hashemite Kingdom of Jordan on the Establishment of a Free Trade Area (December 17, 2001)
- Bilateral Investment Treaty (June 12, 2003)

**Kazakhstan**

- Agreement on Bilateral Trade Relations (February 18, 1993)
- Bilateral Investment Treaty (January 12, 1994)
- United States-Kazakhstan Agreement Related to Certain Investment and Services Requirements (September 21, 2011)

**Korea**

- Record of Understanding on Intellectual Property Rights (August 28, 1986)
- Agreement on Access of U.S. Firms to Korea's Insurance Markets (August 28, 1986)
- Record of Understanding Concerning Market Access for Cigarettes (May 27, 1988; amended October 16, 1989)
- Agreement Concerning the Korean Capital Market Promotion Law (September 1, 1988)
- Agreement on the Importation and Distribution of Foreign Motion Pictures (December 30, 1988)
- Agreement on Market Access for Wine and Wine Products (January 18, 1989)
- Investment Agreement (May 19, 1989)
- Agreement on Liberalization of Agricultural Imports (May 25, 1989)
- Record of Understanding on Telecommunications (January 23, 1990)
- Record of Understanding on Telecommunications (February 15, 1990)
- Exchange of Letters Regarding the 1986 Intellectual Property Rights Agreement: Product Pipeline Protection (February 22, 1990)
- Record of Understanding on Beef (March 21, 1990)
- Exchange of Letters on Beef (April 26 and 27, 1990)
- Agreement on Wine Access (December 19, 1990)
- Record of Understanding on Telecommunications (February 7, 1991)

- Agreement on International Value-Added Services (June 20, 1991)
- Understanding on Telecommunications (February 17, 1992)
- Exchange of Letters Relating to Korea Telecom Company's Procurement of AT&T Switches (March 31, 1993)
- Beef Agreements (June 26, 1993; December 29, 1993)
- Record of Understanding on Agricultural Market Access in the Uruguay Round (December 13, 1993)
- Exchange of Letters on Telecommunications Issues Relating to Equipment Authorization and Korea Telecom Company's Procurement (March 29, 1995)
- Agreement on Steel (July 14, 1995)
- Shelf-Life Agreement (July 20, 1995)
- Revised Cigarette Agreement (August 25, 1995)
- Memorandum of Understanding to Increase Market Access for Foreign Passenger Vehicles in Korea (September 28, 1995)
- Exchange of Letters on Implementation of the 1992 Telecommunications Agreement (April 12, 1996)
- Korean Commitments on Trade in Telecommunications Goods and Services (July 23, 1997)
- Agreement on Korean Motor Vehicle Market (October 20, 1998)
- Exchange of Letters Regarding Tobacco Sector Related Issues (June 14, 2001)
- Exchange of Letters on Data Protection (March 12, 2002)
- Record of Understanding between the Governments of the United States and the Republic of Korea Regarding the Extension of Special Treatment for Rice (February 2005)
- Agreement to Implement Phase I of the Asia Pacific Economic Cooperation (APEC) Mutual Recognition Arrangement for Conformity Assessment of Telecommunications Equipment (May 10, 2005)
- Agreed Minutes on Fuel Economy and Greenhouse Gas Emissions Regulations (February 10, 2011)
- Agreed Minutes on Visa Validity Period (February 10, 2011)
- Exchange of Letters between the United States and Korea related to the United States-Korea Free Trade Agreement (February 10, 2011)
- United States-Korea Free Trade Agreement (March 15, 2012)

**Kyrgyzstan**

- Agreement on Bilateral Trade Relations (May 8, 1992)
- Bilateral Investment Treaty (January 12, 1994)

**Latvia**

- Agreement on Bilateral Trade Relations (August 21, 1992)
- Bilateral Investment Treaty (November 26, 1996; amended May 1, 2004)
- Agreement on Trade & Intellectual Property Rights Protection (January 20, 1995)

**Lithuania**

- Bilateral Investment Treaty (November 22, 2001; amended May 1, 2004)

**Laos**

- Bilateral Trade Agreement (February 4, 2005)

**Macao**

- Memorandum of Understanding with Macao Concerning Cooperation in Trade in Textile and Apparel Goods (August 8, 2005)

**Mexico**

- Agreement with Mexico on Tire Certification (March 8, 1996)
- Memorandum of Understanding between the United States and Mexico Regarding Areas of Food and Agriculture Trade (April 4, 2002)
- United States-Mexico Exchange of Letters Regarding Mexico's NAFTA Safeguard on Certain Poultry Products (July 24-25, 2003)
- Understanding Regarding the Implementation of the WTO Decision on Mexico's Telecommunications Services (June 1, 2004)
- Agreement between the U.S. Trade Representative and Secretaria de Economia of the United Mexican State on Trade in Tequila (January 17, 2006)
- Agreement between the U.S. Trade Representative and Secretaria de Economia of the United Mexican State on Trade in Cement (April 3, 2006)
- United States-Mexico Exchange of Letters Regarding Trade in Sweetener Goods (July 27, 2006)
- Bilateral Agreement on Customs Cooperation regarding Claims of Origin Under FTA Cumulation Provisions (January 26, 2007)
- Customs Cooperation Agreement with Mexico relating to Textiles Matters (August 15, 2008)
- Mutual Recognition Agreement between the Government of the United States of America and the Government of the United Mexican States for Conformity Assessment of Telecommunications Equipment (June 10, 2011)

**Moldova**

- Agreement on Bilateral Trade Relations (July 2, 1992)
- Bilateral Investment Treaty (November 25, 1994)

**Mongolia**

- Agreement on Bilateral Trade Relations (January 23, 1991)
- Bilateral Investment Treaty (January 1, 1997)

**Morocco**

- Bilateral Investment Treaty (May 29, 1991)
- United States-Morocco Free Trade Agreement (January 1, 2006)
- Agreement between the Government of the United States of America and the Government of the Kingdom of Morocco Concerning Customs Administration and Trade Facilitation (November 21, 2013)

**Mozambique**

- Bilateral Investment Treaty (March 2, 2005)

**Nicaragua**

- Bilateral Intellectual Property Rights Agreement with Nicaragua (December 22, 1997)
- Exchange of Letters on Trade in Textile and Apparel Goods (March 24, 2006)

**Norway**

- Agreement on Procurement of Toll Equipment (April 26, 1990)

**Oman**

- United States-Oman Free Trade Agreement (January 1, 2009)

**Panama**

- Bilateral Investment Treaty (May 30, 1991)
- Agreement on Bilateral Trade Relations (1994)
- Agreement on Cooperation in Agricultural Trade (December 20, 2006)
- Agreement regarding Certain Sanitary and Phyto-sanitary Measures and Technical Standards Affecting Agricultural Products (December 20, 2006)
- United States-Panama Trade Promotion Agreement (October 31, 2012)
- Exchange of Letters Regarding Multiple Services Businesses (October 31, 2012)
- Exchange of Letters Regarding Beef and Beef Product Imports (March 27, 2013)
- Exchange of Letters on Free Trade Zones (October 2, 2013)
- Exchange of Letters Regarding Pet Food Containing Animal Origin Ingredients Imports (June 24, 2014)

**Paraguay**

- Memorandum of Understanding on Intellectual Property Rights Between the Government of the Republic of Paraguay and the Government of the United States of America (June 18, 2015)

**Peru**

- Memorandum of Understanding on Intellectual Property Rights (May 23, 1997)
- Exchange of Letters on Sanitary and Phyto-sanitary Measures and Technical Barriers to Trade Issues (January 5, 2006)
- Additional Letter Exchange on Sanitary and Phyto-sanitary Measures and Technical Barriers to Trade Issues (April 10, 2006)
- United States-Peru Trade Promotion Agreement (February 1, 2009)

**Philippines**

- Protection and Enforcement of Intellectual Property Rights (April 6, 1993)
- Agreement regarding Pork and Poultry Meat (February 13, 1998)
- Memorandum of Understanding with the Philippines Concerning Cooperation in Trade in Textile and Apparel Goods (August 23, 2006)
- Exchange of Letters on Special Treatment for Rice and Related Agricultural Concessions (June 5, 2014)

**Poland**

- Business and Economic Relations Treaty (August 6, 1994; amended May 1, 2004)

**Romania**

- Agreement on Bilateral Trade Relations (April 3, 1992)
- Bilateral Investment Treaty (January 15, 1994; amended January 1, 2007)

**Russia**

- Trade Agreement Concerning Most Favored Nation and Nondiscriminatory Treatment (June 17, 1992)
- Joint Memorandum of Understanding on Market Access for Aircraft (January 30, 1996)
- Agreed Minutes regarding exports of poultry products from the United States to Russia (March 15, March 25, and March 29, 1996)
- Agreement on Russian Firearms & Ammunition (April 3, 1996; amended 2003)
- Protocol of the Negotiations between the Experts of Russia and the United States of America on the Issue of U.S. Poultry Meat Imports into the Russian Federation (March 31, 2002)
- Agreement between the Government of the United States of America and the Government of the Russian Federation on Trade in Certain Types of Poultry, Beef and Pork (June 15, 2005; amended December 29, 2008)

- Agreement between the Government of the United States of America and the Government of the Russian Federation on Protection and Enforcement of Intellectual Property Rights (November 19, 2006)

- Agreement between the Government of the United States of America and the Government of the Russian Federation on Market Access for Beef and Beef By-Products (November 19, 2006)

- Agreement between the Government of the United States of America and the Government of the Russian Federation on Importation of Pork and Pork By-Products into the Russian Federation (November 19, 2006)

- Agreement between the Government of the United States of America and the Government of the Russian Federation on Inspection of Facilities for Exporting Pork and Poultry to the Russian Federation (November 19, 2006)

- Agreement between the Government of the United States of America and the Government of the Russian Federation on Agricultural Biotechnology (November 19, 2006)

- Agreement between the Government of the United States of America and the Government of the Russian Federation on Establishment of Import licensing Procedures for Imports of Goods Containing Encryption Technology (November 19, 2006)

- Exchange of Letters between the Government of the United States of America and the Government of the Russian Federation on Tariff Treatment of Certain Aircraft Imported Under Operational Lease (November 19, 2006)

- Exchange of Letters between the Ministry of Economic Development and Trade of the Russian Federation and the Office of the U.S. Trade Representative on Tariff Treatment of Certain Combine Harvester-Threshers and Self-Propelled Forage Harvesters (November 19, 2006)

- Letter on Market Access between the United States and the Russian Federation for Service Suppliers in Certain Energy Related Sectors (November 19, 2006)

- Letter on Market Access between the United States and the Russian Federation for Certain Insurance Firms (November 19, 2006)

- Bilateral Agreement on Verification of Pathogen Reduction Treatments and Resumption of Trade in Poultry (July 14, 2010)

- Bilateral Agreement on Pre-Notification Requirements Applied to Certain Imports of Meat Products from the United States (applied provisionally as of December 14, 2011)

- Agreement between the Government of the United States of America and the Government of the Russian Federation on Trade in Parts and Components of Motor Vehicles between the United States of America and the Russian Federation (July 12, 2013)

**Rwanda**

- Bilateral Investment Treaty (January 1, 2012)

**Senegal**

- Bilateral Investment Treaty (October 25, 1990)

**Singapore**

- Agreement on Intellectual Property Rights Protection (April 27, 1987)
- Agreement to Implement Phase I and Phase II of the Asia Pacific Economic Cooperation (APEC) Mutual Recognition Arrangement for Conformity Assessment of Telecommunications Equipment (October 8, 2003)
- United States-Singapore Free Trade Agreement (January 1, 2004)

**Slovakia**

- Bilateral Investment Treaty (December 19, 1992; amended May 1, 2004)

**Sri Lanka**

- Agreement on the Protection and Enforcement of Intellectual Property Rights (September 20, 1991)
- Bilateral Investment Treaty (May 1, 1993)

**Suriname**

- Agreement on Bilateral Trade Relations (1993)

**Switzerland**

- Exchange of Letters on Financial Services (November 9 and 27, 1995)

**Taiwan**

- Agreement on Customs Valuation (August 22, 1986)
- Agreement on Export Performance Requirements (August 1986)
- Agreement Concerning Beer, Wine, and Cigarettes (1987)
- Agreement on Turkeys and Turkey Parts (March 16, 1989)
- Agreement on Beef (June 18, 1990)
- Agreement on Intellectual Property Protection (June 5, 1992)
- Agreement on Intellectual Property Protection (Trademark) (April 1993)
- Agreement on Intellectual Property Protection (Copyright) (July 16, 1993)
- Agreement on Market Access (April 27, 1994)
- Telecommunications Liberalization by Taiwan (July 19, 1996)
- United States-Taiwan Medical Device Issue: List of Principles (September 30, 1996)
- Agreement on Market Access (February 20, 1998)
- Agreement to Implement Phase I of the Asia Pacific Economic Cooperation (APEC) Mutual Recognition Arrangement for Conformity Assessment of Telecommunications Equipment (March 16,

1999)

- Understanding on Government Procurement (August 23, 2001)
- Protocol of Bovine Spongiform Encephalopathy (BSE)-Related Measures for the Importation of Beef and Beef Products for Human Consumption from the Territory of the Authorities Represented by the American Institute in Taiwan (November 2, 2009)

**Tajikistan**

- Agreement on Bilateral Trade Relations (November 24, 1993)

**Thailand**

- Agreement on Cigarette Imports (November 23, 1990)
- Agreement on Intellectual Property Protection and Enforcement (December 19, 1991)

**Trinidad and Tobago**

- Agreement on Intellectual Property Protection and Enforcement (September 26, 1994)
- Bilateral Investment Treaty (December 26, 1996)

**Tunisia**

- Bilateral Investment Treaty (February 7, 1993)

**Turkey**

- Bilateral Investment Treaty (May 18, 1990)
- WTO Settlement Concerning Taxation of Foreign Film Revenues (July 14, 1997)

**Turkmenistan**

- Agreement on Bilateral Trade Relations (October 25, 1993)

**Ukraine**

- Agreement on Bilateral Trade Relations (June 23, 1992)
- Bilateral Investment Treaty (November 16, 1996)
- Agreement between the Government of the United States of America and the Government of the Republic of Ukraine on Sanitary and Phytosanitary Measures (February 21, 2007)
- Agreement between the U.S. and the Ukraine on Export Duties on Ferrous and Non-Ferrous Scrap Metal (February 22, 2007)

**Uruguay**

- Bilateral Investment Treaty (November 1, 2006)

**Uzbekistan**

- Agreement on Bilateral Trade Relations (January 13, 1994)

**Vietnam**

- Agreement between the United States and Vietnam on Trade Relations (December 10, 2001)
- Copyright Agreement (June 27, 1997)
- Exchange of Letters on Equivalence of Food Safety Inspection Systems (May 31, 2006)
- Exchange of Letters on Beef (May 31, 2006)
- Exchange of Letters on Biotechnology (May 31, 2006)
- Exchange of Letters on Energy Services (May 31, 2006)
- Exchange of Letters on Elimination of Prohibited Subsidies to Textile and Garment Sector (May 31, 2006)
- Bilateral Agreement on Export Duties on Ferrous and Nonferrous Scrap Metals (May 31, 2006)
- Exchange of Letters on Shelf Life (May 31, 2006)
- Acceptance of U.S. Certificates for Exports of Poultry Meat and Meat Products (May 31, 2006)
- Agreement to Implement Phase I of the Asia Pacific Economic Cooperation (APEC) Mutual Recognition Arrangement for Conformity Assessment of Telecommunications Equipment (June 19, 2008)

# II. Agreements That Have Been Negotiated, But Have Not Yet Entered Into Force

Following is a list of trade agreements concluded by the United States since 1984 that have not yet entered into force.

## Multilateral Agreements

- OECD Agreement on Shipbuilding (December 21, 1994; interested parties evaluating implementing legislation)
- Anti-Counterfeiting Trade Agreement (signed by the United States on October 1, 2011)
- World Trade Organization Agreement on Trade Facilitation (December 7, 2013)

### Bilateral Agreements

**Belarus**

- Bilateral Investment Treaty (signed January 15, 1994)

**El Salvador**

- Bilateral Investment Treaty (signed March 10, 1999)

**Estonia**

- Trade and Intellectual Property Rights Agreement (April 19, 1994; requires approval by Estonian legislature)

**Kazakhstan**

- Exchange of Letters on Sanitary and Phytosanitary Measures of Kazakhstan (signed July 2, 2015)

**Lithuania**

- Trade and Intellectual Property Rights Agreement (April 26, 1994; requires approval by Lithuanian legislature)

**Mongolia**

- Agreement on Transparency in Matters Related to International Trade and Investment between the United States of America and Mongolia (signed September 24, 2013)

**Nicaragua**

- Bilateral Investment Treaty (signed July 1, 1995)

**Peru**

- Memorandum of Understanding (MOU) between the Government of the United States of America, the Government of the Republic of Peru, and the General Secretariat of the Organization of American States regarding a Secretariat for Submissions on Environmental Enforcement Matters under the United States-Peru Trade Promotion Agreement (signed June 9, 2015)

- Understanding for Implementing Article 18.8 of the United States-Peru Trade Promotion Agreement (signed June 9, 2015)

**Russia**

- Bilateral Investment Treaty (signed June 17, 1992)

**Uzbekistan**

- Bilateral Investment Treaty (signed December 16, 1994)

# III. Other Trade-Related Agreements, Understandings and Declarations

Following is a list of other trade-related agreements, understandings and declarations negotiated by the Office of the United States Trade Representative from January 1993 through December 2012. These documents provide the framework for negotiations leading to future trade agreements or establish mechanisms for structured dialogue in order to develop specific steps and strategies for addressing and resolving trade, investment, intellectual property, and other issues among the signatories.

## Multilateral Agreements and Declarations

- Second Ministerial of the World Trade Organization, Ministerial Declaration on Global Electronic Commerce (May 20, 1998)
- WTO Guidelines for the Negotiation of Mutual Recognition Agreements on Accountancy (May 29, 1997)
- Asia Pacific Economic Cooperation
  - 1st Joint Ministerial Statement (November 6-7, 1989)
  - 2nd Joint Ministerial Statement (July 29-31, 1990)
  - 3rd Joint Ministerial Statement (November 12-14, 1991)
  - 4th Joint Ministerial Statement (September 10-11, 1992)
  - 5th Joint Ministerial Statement (November 17-19, 1993)
  - Leaders' Economic Vision Statement (November 20, 1993)
  - Ministers Responsible for Trade Statement (October 6, 1994)
  - 6th Joint Ministerial Statement (November 11-12, 199)
  - Leaders' Declaration of Common Resolve (November 15, 1994)
  - 7th Joint Ministerial Statement (November 16-17, 1995)
  - Leaders' Declaration for Action (November 19, 1995)
  - Ministers Responsible for Trade Statement (July 15-16, 1996)
  - 8th Joint Ministerial Statement (November 22-23, 1996)
  - Leaders' Declaration: From Vision to Action (November 25, 1996)
  - Ministers Responsible for Trade Statement (May 8-10, 1997)
  - 9th Joint Ministerial Statement (November 21-22, 1997)

- Leaders' Declaration on Connecting the APEC Community (November 25, 1997)
- Asia Pacific Economic Cooperation (APEC) Mutual Recognition Arrangement for Conformity Assessment of Telecommunications Agreement (June 5, 1998)
- Ministers Responsible for Trade Statement (June 22-23, 1998)
- 10th Joint Ministerial Statement (November 14-15, 1998)
- Leaders' Declaration on Strengthening the Foundations for Growth (November 18, 1998)
- Ministers Responsible for Trade Statement (June 29-30, 1999)
- 11th Joint Ministerial Statement (September 9-10, 1999)
- Leaders' Declaration: The Auckland Challenge (September 13, 1999)
- Ministers Responsible for Trade Statement (June 6-7, 2000)
- 12th Joint Ministerial Statement (November 12-13, 2000)
- Leaders' Declaration: Delivering to the Community (November 16, 2000)
- Ministers Responsible for Trade Statement (June 6-7,2001)
- 13th Joint Ministerial Statement (October 17-18, 2001)
- Leaders' Declaration: Meeting New Challenges in the New Century (October 21, 2001)
- Ministers Responsible for Trade Statement (May 29-30, 2002)
- 14th Joint Ministerial Statement (October 23-24, 2002)
- Leaders' Declaration: Expanding the Benefits of Cooperation for Economic Growth and Development - Implementing the Vision (October 27, 2002)
- Ministers Responsible for Trade Statement (June 2-3, 2003)
- 15th Joint Ministerial Statement (October 17-18, 2003)
- Declaration: A World of Differences - Partnership for the Future (October 21, 2003)
- Ministers Responsible for Trade Statement (June 4-5, 2004)
- 16th Joint Ministerial Statement (November 17-18, 2004)
- Leaders' Declaration: One Community, Our Future (November 20-21, 2004)
- Ministers Responsible for Trade Statement (June 2-3, 2005)
- 17th Joint Ministerial Statement (November 15-16, 2005)

- Leaders' Declaration: Towards One Community: Meet the Challenge, Make the Change (November 18-19, 2005)
- Ministers Responsible for Trade Statement (June 1-2, 2006)
- 18th Joint Ministerial Statement (November 15-16, 2006)
- Leaders' Declaration: Towards a Dynamic Community for Sustainable Development and Prosperity (November 18-19, 2006)
- Ministers Responsible for Trade Statement (July 5-6, 2007)
- 19th Joint Ministerial Statement (September 5-6, 2007)
- Leaders' Declaration: Strengthening our Community, Building a Sustainable Future (September 9, 2007)
- Ministers Responsible for Trade Statement (May 31-June 1, 2008)
- 20th Joint Ministerial Statement (November 19-20, 2008)
- Leaders' Declaration: A New Commitment to Asia-Pacific Development (November 22-23, 2008)
- Ministers Responsible for Trade Statement (July 21-22, 2009)
- 21st Joint Ministerial Statement (November 11-12, 2009)
- Leaders' Declaration: Sustaining Growth, Connecting The Region (November 14-15, 2009)
- Ministers Responsible for Trade Statement (June 5-6, 2010)
- 22nd Joint Ministerial Statement (November 10-11, 2010)
- Leaders' Declaration: The Yokohama Vision - Bogor and Beyond (November 13-14, 2010)
- Ministers' Responsible for Trade Statement (May 19-20, 2011)
- 23rd Joint Ministerial Statement (November 11, 2011)
- Leaders' Declaration: Toward a Seamless Regional Economy (November 12-13, 2011)
- Ministers' Responsible for Trade Statement (June 4-5, 2012)
- 24th Joint Ministerial Statement (September 5-6, 2012)
- Leaders' Declaration: Integrate to Grow, Innovate to Prosper (September 8-9, 2012)
- Ministers' Responsible for Trade Statement (April 20-21, 2013
- 25th Joint Ministerial Statement (October 5, 2013)

- Leaders' Declaration: Resilient Asia-Pacific, Engine of Global Growth (October 8, 2013)

- Cooperation Agreement Among the Partner States of the East African Community and the United States of America on Trade Facilitation, Sanitary and Phytosanitary Measures, and Technical Barriers to Trade (February 26, 2015)

- Organization of American States (OAS), Inter-American Telecommunications Commission (CITEL) Mutual Recognition Agreement for Conformity Assessment of Telecommunications Equipment (October 29, 1999)

- United States-Association of Southeast Asian Nations Trade and Investment Framework Arrangement (August 25, 2006)

- World Wine Trade Group Memorandum of Understanding on Certification Requirements (October 20, 2011)

## Bilateral Agreements and Declarations

**Afghanistan**

- United States-Afghanistan Trade and Investment Framework Agreement (September 21, 2004)

- Memorandum of Understanding on Joint Efforts to Enable the Economic Empowerment of Women and to Promote Women's Entrepreneurship (June 16, 2013)

**Algeria**

- United States-Algeria Trade and Investment Framework Agreement (July 13, 2001)

**Angola**

- United States-Angola Trade and Investment Framework Agreement (May 19, 2009)

**Argentina**

- Bilateral Council on Trade and Investment (February 2002)

**Armenia**

- United States-Armenia Trade and Investment Framework Agreement (signed November 13, 2015)

**Association of Southeast Asian Nations (ASEAN)**

- United States-ASEAN Trade and Investment Framework Arrangement (August 5, 2006)

**Bangladesh**

- United States-Bangladesh Trade and Investment Cooperation Forum Agreement (signed November 25, 2013)

**Bolivia**

- Agreement between the Government of the United States of America and the Government of the Republic of Bolivia concerning a United States-Bolivia Council on Trade and Investment (May 8, 1990)

**Brazil**

- United States-Brazil Agreement on Trade and Economic Cooperation (March 19, 2011)

**Brunei Darussalam**

- United States-Brunei Darussalam Trade and Investment Framework Agreement (December 16, 2002)

**Burma**

- United States-Myanmar Trade and Investment Framework Agreement (2013)

**Cambodia**

- United States-Cambodia Trade and Investment Framework Agreement (July 14, 2006)

**Canada**

- The Canada-U.S. Organic Equivalency Arrangement (June 17, 2009)

**Caribbean Community (CARICOM)**

- United States-CARICOM Trade and Investment Framework Agreement (2013)

**Central Asian Economies**

- United States-Central Asian Trade and Investment Framework Agreement (June 1, 2004)

**China**

- United States-China Joint Commission on Commerce and Trade Agreements (April 21, 2004)
- United States-China Joint Commission on Commerce and Trade Agreements (July 11, 2005)
- Memorandum of Understanding on Combating Illegal Logging and Associated Trade (May 5, 2008)

**Common Market for Eastern and Southern Africa**

- United States-Common Market for Eastern and Southern Africa Trade and Investment Framework Agreement (October 2001)

**East African Community**

- United States-East African Community Trade and Investment Framework Agreement (July 16, 2008)
- Cooperation Agreement Among the Partner States of the East African Community and the United States of America on Trade Facilitation, Sanitary and Phytosanitary Measures, and Technical Barriers to Trade (February 26, 2015)

**Economic Community of West African States**

- United States-Economic Community of West African States Trade and Investment Cooperation Forum Agreement (signed August 5, 2014)

**Ecuador**

- Agreement between the Government of the United States of America and the Government of the Republic of Ecuador concerning a United States-Ecuador Council on Trade and Investment (July 23, 1990)

**Egypt**

- United States-Egypt Trade and Investment Framework Agreement (July 1, 1999)

**European Union**

- United States-EU Transatlantic Economic Partnership (May 18, 1998)
- United States-EU Joint Action Plan for the Transatlantic Economic Partnership (November 9, 1998)
- Decision to Establish the U.S.-EU High Level Working Group on Jobs and Growth, Joint Statement of the U.S.-EU Summit (November 28, 2010)
- The EU - U.S. Organic Equivalency Arrangement (February 15, 2012)

**Georgia**

- United States-Georgia Trade and Investment Framework Agreement (June 20, 2007)
- United States-Georgia Trade Principles for Information and Communication Technology Services (October 30, 2015)

**Ghana**

- United States-Ghana Trade and Investment Framework Agreement (February 26, 1999)

**Gulf Cooperation Council**

- Framework Agreement for Trade, Economic, Investment and Technical Cooperation (signed September 25, 2012)

**Iceland**

- United States-Iceland Trade and Investment Cooperation Forum Agreement (January 15, 2009)

**India**

- United States-India Trade Policy Forum , Framework for Cooperation on Trade and Investment (March 17, 2010)

**Indonesia**

- United States-Indonesia Memorandum of Understanding on the establishment of the Council on Trade and Investment (July 16, 1996)
- Memorandum of Understanding on Combating Illegal Logging and Associated Trade (November 16, 2006)
- Memorandum of Understanding Between the Government of the United States of American and the Government of the Republic of Indonesia to resolve certain outstanding issues in order to enhance the Parties' bilateral trade relationship (October 3, 2014)

**Israel**

- Understanding regarding Israel's intellectual property regime for pharmaceutical products (February 18, 2010)

**Iraq**

- United States-Iraq Trade and Investment Framework Agreement (July 11, 2005)

**Japan**

- United States-Japan Joint Statement on the Bilateral Steel Dialogue (September 24, 1999)
- Exchange of Letters between the United States and Japan—Letters Regarding Electro-Magnetic Compatibility (EMC) Testing of Unintentional Radiators and Industrial Scientific and Medical (ISM) Equipment (February 26, 2007)
- Requirements for Beef and Beef Products to be Exported to Japan from the United States of America (January 25, 2013)
- United States-Japan Organic Equivalency Arrangement (September 26, 2013)

**Korea**

- United States-Korea Organic Equivalency Arrangement (June 30, 2014)

**Kuwait**

- United States-Kuwait Trade and Investment Framework Agreement (February 6, 2004)

**Lebanon**

- United States-Lebanon Trade and Investment Framework Agreement (November 30, 2006)

**Liberia**

- United States-Liberia Trade and Investment Framework Agreement (February 15, 2007)

**Libya**

- United States-Libya Trade and Investment Framework Agreement (signed December 18, 2013)

**Malaysia**

- United States-Malaysia Trade and Investment Framework Agreement (May 10, 2004)

**Maldives**

- United States-Maldives Trade and Investment Framework Agreement (October 17, 2009)

**Mauritius**

- United States-Mauritius Trade and Investment Framework Agreement (September 18, 2006)
- United States-Mauritius Trade Principles for Information and Communication Technology Services (June 18, 2012)

**Mongolia**

- United States-Mongolia Trade and Investment Framework Agreement (July 15, 2004)

**Morocco**

- Kingdom of Morocco-United States Trade Principles for Information and Communication Technology Services (December 5, 2012)
- Statement of Principles for International Investment (December 5, 2012)

**Mozambique**

- United States-Mozambique Trade and Investment Framework Agreement (June 21, 2005)

**Nepal**

- United States-Nepal Trade and Investment Framework Agreement (April 15, 2011)

**New Zealand**

- United States-New Zealand Trade and Investment Framework Agreement (October 2, 1992)

**Nigeria**

- United States-Nigeria Trade and Investment Framework Agreement (February 16, 2000)

**Oman**

- United States-Oman Trade and Investment Framework Agreement (July 7, 2004)

**Pakistan**

- United States-Pakistan Trade and Investment Framework Agreement (June 25, 2003)

**Paraguay**

- Joint Commission on Trade and Investment (September 26, 2003)

**Philippines**

- United States-Philippines Trade and Investment Framework Agreement (1989)
- United States-Philippines Trade and Investment Framework Agreement Protocol Concerning Customs Administration and Trade Facilitation (November 13, 2011)

**Qatar**

- United States-Qatar Trade and Investment Framework Agreement (March 19, 2004)

**Rwanda**

- United States-Rwanda Trade and Investment Framework Agreement (June 7, 2006)

**Saudi Arabia**

- United States-Saudi Arabia Trade and Investment Framework Ag**r**eement (July 31, 2003)

**South Africa**

- United States-South Africa Agreement Concerning the Development of Trade and Investment (June 18, 2012)

**Southern Africa Customs Union**

- United States-Southern Africa Customs Union Trade, Investment, and Development Cooperative Agreement (July 16, 2008)

**Sri Lanka**

- United States-Sri Lanka Trade and Investment Framework Agreement (July 25, 2002)

**Switzerland**

- United States-Switzerland Trade and Investment Cooperation Forum Agreement (May 25, 2006)
- United States-Switzerland Organic Equivalency Arrangement (July 10, 2015)

**Taiwan**

- United States-Taiwan Trade and Investment Framework Agreement (September 19, 1994)

**Thailand**

- United States-Thailand Trade and Investment Framework Agreement (October 23, 2002)

**Tunisia**

- United States-Tunisia Trade and Investment Framework Agreement (October 2, 2002)

**Turkey**

- United States-Turkey Trade and Investment Framework Agreement (September 29, 1999)

**Ukraine**

- United States-Ukraine Trade and Investment Cooperation Agreement (March 28, 2008)

**United Arab Emirates (UAE)**

- United States-United Arab Emirates Trade and Investment Framework Agreement (March 15, 2004)

**Uruguay**

- United States-Uruguay Bilateral and Commercial Trade Review (May 20, 1999)
- Joint Commission on Trade and Investment (January 25, 2007)
- United States-Uruguay Trade and Investment Framework Agreement (January 25, 2007)
    - i United States-Uruguay Trade and Investment Framework Agreement Protocol Concerning Trade and Environment Public Participation (October 2, 2008)
    - ii United States-Uruguay Trade and Investment Framework Agreement Protocol Concerning Trade Facilitation (October 2, 2008)

**Vietnam**

- United States-Vietnam Trade and Investment Framework Agreement (June 21, 2007)

**West African Economic and Monetary Union**

- United States-West African Economic and Monetary Union Trade and Investment Framework Agreement (April 24, 2002)

**Yemen**

- United States-Yemen Trade and Investment Framework Agreement (February 6, 2004)