

IV. OTHER TRADE ACTIVITIES

A. Trade and the Environment

During the course of 2011, the Administration accomplished unprecedented results on environment and trade matters across multiple fronts, including through multilateral, regional, and bilateral trade initiatives. On the multilateral front, the United States continued to push for strong agreements under the WTO Doha Development Agenda (DDA) negotiations to discipline harmful fisheries subsidies and eliminate barriers to trade in environmental technologies and services, including clean energy technologies. The United States defined and achieved a robust agenda on green growth in APEC during the U.S.-host year, including agreement of APEC economies to lower applied tariffs on environmental goods to no more than five percent by 2015 and eliminate local content requirements. APEC members also agreed to establish an Experts Group on Illegal Logging and Associated Trade and to work to implement measures to prohibit trade in illegally harvested forest products. Additionally, in the TPP negotiations the United States made first-ever proposals on a conservation framework, and pressed for an ambitious package on environmental goods and services. The Administration continued to prioritize implementation of the free trade agreements currently in force, and to prepare for implementation of the environment provisions of the agreements with Korea, Colombia, and Panama. In keeping with the increased integration of environmental considerations across multiple multilateral, regional, and bilateral fronts, this report includes a detailed assessment of recent developments on trade and environment in specific sections devoted to these various fora.

1. Multilateral Fora

As described in more detail in the WTO section of this report, the United States has been active on all aspects of the DDA trade and environment agenda. In particular, the United States has worked closely with other countries to explore approaches for taking early action to liberalize trade in environmental goods and services, and to develop stronger disciplines on fisheries subsidies that contribute significantly to global overcapacity and overfishing. The Administration also has sought to orient activities in the OECD Joint Working Party on Trade and Environment to focus on value-added contributions to ongoing WTO work, as well as strong analytical research on the interface between trade and climate change policies.

USTR continues to participate in formulating and carrying out U.S. policy regarding various multilateral environmental agreements (MEA) to enhance compatibility between those activities and U.S. trade policy. Examples include the Convention on International Trade in Endangered Species of Wild Fauna and Flora, the International Commission for the Conservation of Atlantic Tuna, International Maritime Organization conventions, the Montreal Protocol on Substances that Deplete the Ozone Layer, the Basel Convention on the Control of Transboundary Movements of Hazardous Wastes and their Disposal, the Convention on Biological Diversity and the Cartagena Protocol on Biosafety, and the Stockholm Convention on Persistent Organic Pollutants. USTR also participates in ongoing MEA negotiations, such as the United Nations Environment Program negotiations to develop a legally binding agreement on mercury, and the United Nations Framework Convention on Climate Change (UNFCCC) negotiations, and has participated actively in the Rio+20 process.

USTR has been particularly active in two international commodity agreements to identify and pursue opportunities to facilitate increased international trade and sustainable development. In the International Tropical Timber Organization (ITTO), USTR has led Administration efforts to promote increased market transparency, and to provide support for capacity building projects to facilitate tropical timber trade in the

context of sustainable management of tropical forests. In the International Coffee Organization (ICO), USTR has led Administration efforts to ensure strong implementation of the new agreement (International Coffee Agreement 2007). The new agreement promotes development of a sustainable coffee sector in economic, social, and environmental terms, and contributes to this goal through new features such as Consultative Forum on Coffee Sector Finance, which addresses challenges faced by small and medium-scale farmers in accessing credit and managing risk.

2. Bilateral and Regional Activities

USTR ensured strong results on green growth and trade during 2011, when the United States hosted APEC. In November, APEC Leaders agreed to reduce their applied tariffs on environmental goods to no more than five percent by 2015 and committed to strong action to eliminate local content requirements and avoid trade-distortive subsidies and government procurement practices with respect to environmental goods and services. These commitments in APEC should provide momentum to other key initiatives to liberalize trade in environmental technologies, including in the TPP and the WTO. Additionally, USTR took the lead in securing agreement among APEC trade ministers to establish an Experts Group on Illegal Logging and Associated Trade, and the subsequent agreement of APEC Leaders in Honolulu to work to implement measures to prohibit trade in illegally-harvested forest products. These results build on the USTR initiative in recent years to develop an Asia-Pacific Regional Dialogue on Promoting Trade in Legally-Harvested Forest Products.

USTR also submitted a comprehensive set of environment proposals in the TPP negotiations. These proposals include strong commitments to ensure robust public participation, core obligations that reflect the May 10, 2007 bipartisan Congressional-Executive agreement on trade, ground-breaking provisions on conservation of wildlife and wild plant species, including disciplines on harmful fisheries subsidies, and dispute settlement provisions. Together, these U.S. proposals offer the opportunity to forge a new high standard for environmental provisions in trade agreements.

USTR was active during 2011 in monitoring implementation of environment provisions in free trade agreement (FTAs). In particular, USTR worked closely with Peru to advance implementation of the Annex on Forest Sector Governance under the United States-Peru Trade Promotion Agreement. As a result, Peru signed into law historic forestry reform legislation in July 2011 and now is in the process of developing detailed regulations for its implementation. Additionally, USTR convened the Interagency Committee on Timber Imports from Peru, which has authority to request Peruvian authorities to conduct verifications of timber shipments and to direct the U.S. Customs Service to deny entry for any shipments that may contain illegally-harvested forest products.

3. The North American Free Trade Agreement

The Administration continues to work closely with Canada and Mexico to ensure that trade and environment policies in each of the three countries are implemented in a manner that is mutually supportive. In 2011, USTR led efforts to improve cooperation between the NAFTA Free Trade Commission (FTC) and the Commission for Environmental Cooperation (CEC) on these issues. These efforts included the senior-level Joint *Ad Hoc* Working Group (JAWG) moving forward to develop a detailed work-plan in areas such as trade in used electronics and electronic waste. The JAWG has been charged by the FTC with finding new opportunities to interact with the CEC.

B. Trade and Labor

The Administration's trade policy agenda includes a strong commitment to ensuring that workers and their families in America and around the world benefit from trade. The Administration has continued its efforts to enhance U.S. Government engagement with trade partners to improve respect for labor rights and to increase monitoring and enforcement of trade agreement labor provisions. In 2011, the Administration requested the establishment of an arbitral panel against Guatemala under Chapter 20 (Dispute Settlement) of the Dominican Republic-Central America-United States Free Trade Agreement (CAFTA-DR) for apparent violations of labor rights obligations. This is the first time that the United States has taken such action under a trade agreement and makes clear that the Administration will act when an FTA partner fails to meet its labor obligations. The Administration has continued its effort to engage trade partners on labor rights through the formal mechanisms of trade agreements and other means. Labor issues were high on the agenda of commission meetings under existing FTAs, as well as meetings of TIFAs and multilateral fora.

As an essential component of the Administration's trade agenda, President Obama signed into law renewal of the Trade Adjustment Assistance (TAA) programs to assist workers adversely affected by global competition. The renewal of TAA preserves the key goals of the 2009 TAA program reforms, such as covering service workers and workers whose jobs shift to China, India, and other countries. It helps ensure that American workers affected by global competition are given the best opportunity to acquire skills and credentials to get good jobs. *(For additional information, see Chapter V.B.7.)*

1. Multilateral and Regional Fora

In the Ministerial Declaration adopted during the WTO Ministerial Conference in Singapore (1996), and reaffirmed in Ministerial Declarations adopted during Ministerial Conferences in Doha (2001) and Hong Kong (2005), the WTO Members renewed their commitment to the observance of internationally recognized core labor standards and took note of collaboration between the WTO and International Labor Organization (ILO) Secretariats. In September 2011, the WTO and the ILO jointly released "Making Globalization Socially Sustainable." The publication summarizes knowledge on themes related to the social dimension of globalization through contributions by academic experts who analyze the various channels through which globalization affects jobs and wages. *(For additional information, visit http://www.wto.org/english/res_e/publications_e/glob_soc_sus_e.htm.)*

The Administration has continued to promote the discussion of 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. As Asia Pacific Economic Cooperation (APEC) host for 2011, the United States supported inclusion by APEC economies of labor and social issues in next generation trade agreements. Additionally, discussion of labor rights issues took place in the APEC Committee on Trade and Investment and among APEC labor and human resource development agencies. *(For additional information on APEC, see Chapter III.B.3.)*

The Inter-American Conference of Ministers of Labor (IACML) is a meeting of the Western Hemisphere's labor ministers, held approximately every two years under the auspices of the Organization of American States to promote hemispheric cooperation on labor issues. The IACML responds to the labor mandates agreed to by heads of state in the Summit of the Americas process. *(For additional information on the IACML, visit http://www.sedi.oas.org/ddse/english/cpo_trab.asp.)*

At the Seventeenth IACML, held in San Salvador, El Salvador in October 2011, labor ministers unanimously adopted a Declaration and Plan of Action focused on "advancing economic and social

recovery with sustainable development, decent work, and social inclusion.” Labor ministers also endorsed a two year Plan of Action that, among other things, established a working group chaired by Brazil and co-chaired by the United States and the Dominican Republic on “Sustainable Development with Decent Work for a new era of Social Justice.” The working group’s responsibilities over the next two years will include addressing the labor dimension of globalization, regional integration processes and free trade agreements.

2. Bilateral Agreements and Preference Programs

a. FTAs

U.S. FTAs contain obligations concerning the consistency of each party’s labor laws with international standards (with recent FTAs obligating each party to implement in its law and practice the fundamental labor rights as stated in the 1998 ILO Declaration on Fundamental Principles and Rights at Work), not to fail to effectively enforce its labor laws, and not to waive or derogate from those laws in a manner affecting trade or investment. Additionally, the labor provisions obligate each party to designate an office within its labor ministry to serve as a contact point for purposes of the labor chapter and create labor cooperation and capacity building mechanisms through which the parties will work together to enhance opportunities to improve labor standards. The Office of Trade and Labor Affairs (OTLA) in the Bureau of International Labor Affairs (ILAB) of the U.S. Department of Labor, in consultation with USTR, serves as the contact point for purposes of administering responsibilities under the labor provisions of free trade agreements and the North American Agreement on Labor Cooperation, including the labor cooperation mechanisms. *(For additional information on OTLA, its procedures, and the process for filing a submission, visit <http://www.dol.gov/ILAB/programs/otla/index.htm> and <http://www.dol.gov/ilab/programs/otla/proceduralguidelines.htm>. The Procedural Guidelines are also available in Arabic, French, and Spanish.)*

USTR engages our FTA partners on labor issues as part of our ongoing monitoring and implementation of U.S. trade agreements. As part of USTR’s engagement in 2011, labor rights issues were on the agenda for numerous meetings with FTA countries, including free trade commission meetings held with the CAFTA-DR countries, Peru, Chile, and Singapore. USTR also directly engaged governments on labor rights matters, including leading an interagency mission to Jordan in response to concerns about the treatment of workers in qualifying industrial zone factories, and technical cooperation efforts in Central America, Morocco, Oman, Bahrain, and Peru. *(For additional information, see Chapter III.A.)*

In 2011, the Administration announced a Colombian Action Plan Related to Labor Rights, under which Colombia committed to take action to improve protection of labor rights, prevention of violence against trade unionists, and prosecution of perpetrators of such violence. Throughout the year, the Colombian government took steps to meet the numerous milestones to date in the Action Plan, which in large measure consisted of putting resources and legal tools in place to better protect labor rights. The Administration continues to work with Colombia to further these efforts. *(For additional information, see Chapter III.A and visit <http://www.ustr.gov/uscolombiatpa/labor>.)* Also in 2011, Panama amended legislation and implemented administrative decrees and ministerial resolutions to strengthen its labor laws and enforcement. The Administration continues to work with Panama to further these efforts. *(For additional information, see Chapter III.A and visit http://www.whitehouse.gov/sites/default/files/panama_trade_agreement_labor.pdf.)*

In 2011, the Administration requested the establishment of an arbitral panel against Guatemala under Chapter 20 (Dispute Settlement) of the Dominican Republic-Central America-United States Free Trade Agreement (CAFTA-DR) for apparent violations of labor rights obligations. This is the first time the

United States has taken such action on a labor matter under an FTA. (*For additional information see Chapter III.A.3 and visit <http://www.ustr.gov/trade-topics/labor/bilateral-and-regional-trade-agreements/guatemala-submission-under-cafta-dr>.*)

b. Other Bilateral Agreements and Preference Programs

President Obama certified to the U.S. Congress in October 2009 that Haiti met the necessary requirements to continue duty-free treatment for certain Haitian-made apparel and other articles under the Haitian Hemispheric Opportunity through the Partnership Encouragement Act of 2008 (HOPE II). Pursuant to the requirements of the HOPE II, Haiti established an independent labor ombudsman's office and a Technical Assistance Improvement and Compliance Needs Assessment and Remediation (TAICNAR) program, which is implemented through a Department of Labor-funded ILO Better Work program. The TAICNAR program, more commonly known as Better Work Haiti, assesses factory compliance with national laws and international standards relating to core labor rights and conditions of work and ensures that producers that wish to be eligible for duty-free treatment participate in the program. Significant progress has been made in implementing the TAICNAR program, including the provision of factory assessments and remediation assistance for all companies that produce HOPE II-eligible apparel. Consistent with the requirements of HOPE II, the ILO issued public reports on factory compliance in April 2011 and October 2011. USTR continues to work closely with the government of Haiti, the ILO, and other U.S. Government agencies on implementation of the program, and participated in an interagency trip led by the Department of Labor in November 2011 to monitor factories' compliance with core labor standards. (*For additional information, view the 2011 USTR Annual Report on the Implementation of the TAICNAR program at http://www.ustr.gov/webfm_send/2956 and the ILO Biannual reports at <http://www.betterwork.org>.*)

U.S. trade preference programs, including the African Growth and Opportunity Act (AGOA), the Andean Trade Preference Act (ATPA), the Caribbean Basin Trade Preferences Act, and the Generalized System of Preferences (GSP), require the application of statutory eligibility criteria pertaining to worker rights. In 2011, the Administration accepted for review a GSP worker rights-related petition concerning Georgia. Five other previously accepted worker rights-related petitions remained under review as part of the 2011 GSP Annual Review process, concerning Bangladesh, Niger, the Philippines, Sri Lanka, and Uzbekistan. In 2011, USTR and other U.S. Government officials continued to engage with these governments through U.S. embassies in those countries, their embassies in Washington, D.C., and other bilateral fora to monitor progress and press for action to address the problems cited in the petitions. Although GSP expired on December 31, 2010 and was not renewed until October 2011, the review of whether these countries are meeting the GSP worker rights criteria continued throughout 2011. An ATPA petition concerning worker rights in Ecuador was filed in 2005 and review of practices in that country continued in 2011. Additionally, the Administration continues to consider whether to accept for review a GSP worker rights-related petition filed in 2008 concerning Iraq.

The United States and China committed to a dialogue on labor issues in 2009 during the first United States-China Strategic and Economic Dialogue (S&ED). The second meeting of the labor dialogue took place in Washington, D.C. in May 2011, at which government representatives discussed various labor rights issues including worker rights, labor law enforcement, and social safety net programs. As part of the 2011 S&ED outcomes, the United States and China agreed to continue the labor dialogue on an annual basis; China will host the next meeting in 2012.

USTR continued to seek progress by the government of Vietnam on providing freedom of association and collective bargaining rights in conformity with internationally recognized standards, in particular with a view to the Trans-Pacific Partnership (TPP) negotiations. In conjunction with these efforts, USTR

participated in the United States-Vietnam Human Rights Dialogue led by the U.S. Department of State, and a Labor Dialogue led by the U.S. Department of Labor in November 2011. In both of these Dialogues, officials from the two governments discussed internationally recognized labor rights and Vietnam's labor reform efforts. Additionally, USTR conducted a seminar in June 2011 with Vietnamese government officials in Hanoi, Vietnam, at which internationally recognized labor rights were discussed with government, trade union, and business representatives.

USTR also engaged with several other countries on labor issues in the context of Trade and Investment Framework Agreement (TIFA) meetings and other bilateral trade mechanisms. Most notably, the United States discussed labor rights issues during TIFA meetings with five Central Asia countries, the Philippines, and Pakistan in September 2011, Sri Lanka in November 2011, and Rwanda in December 2011. Also, the United States and Nepal concluded a TIFA in April 2011 that recognizes the importance of adopting and maintaining in laws and practices the ILO fundamental labor rights and ensuring the effective enforcement of labor laws.

C. Small and Medium-Sized Business Initiative

In October 2009, Ambassador Ron Kirk announced a new USTR initiative aimed at increasing exports by U.S. small and medium sized enterprises (SMEs). In the past two years, USTR has expanded efforts to ensure the specific export challenges and priorities of SMEs and their workers are reflected in our trade policy and enforcement activities. During 2011, USTR engaged on an interagency basis and with trading partners to develop and implement new initiatives that support small business exports.

This agency effort also supports the goals of the Administration's National Export Initiative (NEI) to double U.S. exports by the end of 2014 to support millions of American jobs. The NEI highlights priority attention to expanding SME exports.

U.S. small businesses are key engines for our economic growth, jobs, and innovation. SMEs that export tend to grow faster, add jobs faster, and pay higher wages than SMEs that serve purely domestic markets. Recent studies by the U.S. International Trade Commission (USITC), requested by USTR, reveal that SMEs play a larger role in the export economy than is suggested by traditional trade statistics, with direct and indirect exports by U.S. SMEs supporting about four million jobs in the United States while accounting for over 40 percent of the total value of U.S. exports of goods and services. There are some 30 million SMEs in the United States, but currently, only a small fraction of these companies export goods or services, and most export only one product or service to one foreign country. USTR is working to further unleash the export potential of American small businesses.

USTR is focused on making trade work to the benefit of American small businesses, helping them increase their sales to customers abroad, and thus create jobs at home. USTR does this by negotiating with foreign governments to open their markets, reducing trade barriers, and enforcing our existing trade agreements to ensure a level playing field for American workers and businesses of all sizes. Agency-wide, USTR is working to better integrate specific SME issues and priorities into our trade policy development and implementation, increase our outreach to small businesses around the country, and expand our collaboration and coordination with our interagency colleagues.

In 2011, 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 and geographic and functional offices are developing initiatives and advancing efforts to enhance activities that could benefit SMEs. Several key aspects of USTR's trade policy agenda have particular potential to help SMEs boost exports. These include enhancing trade facilitation work, strengthening and enforcing intellectual property rights, and targeting services barriers that are especially difficult for SMEs, such as requirements for staffing an office in each country to which companies wish to export. USTR is also exploring ways to simplify government procurement rules. 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.

The ability to address SME concerns through the fact finding and consultation mechanisms built into our bilateral and regional trade agreements and dialogues is an important asset for USTR. For example:

- As USTR moves forward with negotiations to expand U.S. trade in the Asia-Pacific through the Trans-Pacific Partnership (TPP), USTR designated a point person for SME issues. We are working with our trade partners to develop specific TPP provisions to help small businesses participate more actively in regional trade.
- In 2011, with the United States as host of the Asia Pacific Economic Cooperation (APEC) forum, APEC economies agreed to undertake specific and practical actions to address top barriers facing small businesses in trading in the region, such as by making it easier to access basic customs documentation and to register intellectual property, and to enhance SME's participation in global production chains through free trade agreements.
- Under the Transatlantic Economic Council (TEC), the United States and the European Union launched the first-ever SME Best Practices Exchanges in Brussels, in June 2011, and Washington DC, in October 2011, with small business stakeholders from both sides of the Atlantic. The parties agreed to develop interagency cooperative activities that will help SMEs engage in transatlantic trade.
- With respect to FTA partners in the Western Hemisphere, USTR is working with the U.S. Small Business Administration (SBA) and other agencies to expand the U.S. Small Business Development Center model to help build small business partnerships and trade opportunities in the region. USTR is also working to enhance trade facilitation with regional partners and further reduce trade barriers to benefit SME exporters.

2. USTR Interagency SME Activities

On an interagency basis, USTR's Small Business, Market Access, and Industrial Competitiveness office participates in the Trade Promotion Coordinating Committee's (TPCC) Small Business Working Group, collaborating with agencies including the U.S. Department of Commerce, the Small Business Administration (SBA), the U.S. Export-Import Bank, the U.S. Department of Agriculture, and others across the government to promote small business exports, and connect SMEs to trade information and resources to help them begin or expand their exports and take advantage of existing trade agreements.

In 2011, USTR's Small Business office was designated as Co-Chair of the TPCC SME Task Force on connecting SMEs to international trade opportunities. Partnering under the Task Force, in March 2011, USTR, the U.S. Department of Commerce and the SBA launched the FTA Tariff Tool. Developed under

the NEI, this new, free, online tool (<http://export.gov/FTA/ftatarifftool/index.asp>) can help more small businesses take better advantage of the reduction and elimination of tariffs under U.S. FTAs. Exporters now have an online resource that streamlines tariff information for 85 percent of goods going to 20 markets with which the United States has negotiated trade agreements. This information has never before been available free of charge online in one searchable database. The website also contains an instructional video and quick start guide. This new tool makes it easier for small businesses to grow and prosper through exports.

3. USTR's SME Outreach and Consultations

Throughout 2011, Ambassador Kirk and senior USTR staff actively participated in numerous events around the country to hear directly from local small businesses, workers, and other stakeholders about the trade opportunities and challenges they face. Ambassador Kirk's meetings with SME exporters and community leaders to discuss the potential to grow their exports and take advantage of market openings abroad are highlighted on USTR's website and blog. The Small Business section of USTR's website also includes helpful links, fact sheets, and resources for SMEs, including new short brochures for SMEs in English and Spanish with "Frequently Asked Questions" about opportunities to export to FTA partners in the hemisphere, and new blogs, which highlight small business export success stories around the country and USTR trade policy efforts supporting small business. 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 on the government's one-stop export platform (<http://www.export.gov>).

USTR staff regularly consult with the Industry Trade Advisory Committee for Small and Minority Business to seek its advice and input on U.S. trade policy negotiations and initiatives, and meet frequently with individual SMEs and associations representing SME members on specific issues.

In 2011, USTR's Small Business office also spoke at several SME events around the country, including at National Small Business Week, the Association of Small Business Development Centers annual conference, and the NEI New Markets New Jobs Tour, as well as trade events aimed at apprising small businesses of international trade opportunities and encouraging them to begin or expand their exports.

D. Anti-Counterfeiting Trade Agreement

On October 1, 2011, the United States and seven other countries signed the Anti-Counterfeiting Trade Agreement (ACTA) at a ceremony in Tokyo, marking an important step forward in the international fight against trademark counterfeiting and copyright piracy. The ACTA is an important new tool to fight the global growth in counterfeiting and piracy, which threatens jobs that depend on innovation, including those in the United States.

The ACTA effort, launched in October 2007, brings together a number of countries that are prepared to embrace strong intellectual property rights (IPR) enforcement through a new agreement calling for cooperation, strong enforcement practices, and a strong legal framework for IPR enforcement.

ACTA signatories are Australia, Canada, Japan, Korea, Morocco, New Zealand, Singapore, and the United States. The European Union (with its 27 Member States), signed the Agreement on January 26, 2012. Mexico and Switzerland are expected to sign the agreement in the near future. For those who have already signed, the next step towards bringing the ACTA into force is to deposit instruments of ratification, acceptance, or approval. The ACTA will enter into force for those signatories thirty days following the deposit of the sixth such instrument.

Consistent with the Obama Administration's emphasis on intellectual property enforcement, the ACTA intensifies efforts against the global proliferation of commercial-scale counterfeiting and piracy in the 21st century. The ACTA includes innovative provisions to deepen international cooperation and to promote strong enforcement practices, and will ultimately help sustain American jobs in innovative and creative industries.

Some of the ACTA's key features include commitments to:

- support and enhance approaches to criminal enforcement through stronger requirements for criminal remedies, by highlighting the importance of combating unlawful camcording in theaters, and by emphasizing the seizure and destruction of fake goods, the seizure of the equipment and materials used in their manufacture, and the recovery of criminal proceeds;
- combat piracy over the Internet through a balanced framework that addresses the widespread distribution of pirated copyrighted works while preserving fundamental principles such as freedom of expression, fair process, and privacy;
- provide customs authorities with the ability to act against import and export shipments as well as to cooperate on in-transit shipments;
- strengthen civil enforcement provisions dealing with damages, provisional measures, recovery of costs and attorneys' fees, and destruction of infringing goods;
- create cooperation and information-sharing mechanisms among ACTA Parties to assist in enforcement efforts; and
- promote strong enforcement practices that lead to the meaningful implementation of laws on the books.

E. Import Food Safety

On March 14, 2009, President Obama announced the creation of the Food Safety Working Group to advise him on how to strengthen the U.S. food safety system. The Working Group, chaired by the Secretaries of the U.S. Department of Health and Human Services and the U.S. Department of Agriculture, brings together cabinet secretaries and senior officials to foster coordination throughout the Federal Government on a new, public health focused, approach to food safety based on three core principles: (1) prioritizing prevention; (2) strengthening surveillance and enforcement; and (3) improving response and recovery. USTR has been an active member of the Food Safety Working Group providing guidance on various recommendations and initiatives while ensuring compliance with international trade obligations.

Since its creation, the Food Safety Working Group has served as a mechanism to address cross-cutting food safety issues. In July 2009, the Food Safety Working Group announced key findings on how to upgrade the U.S. food safety system. In 2010, the Obama Administration took steps to reduce the prevalence of *E. coli*, implemented new standards to reduce exposure to *Campylobacter*, and issued a rule to control *Salmonella* contamination.

Most recently, the Obama Administration worked with the U.S. Congress to enact the historic FDA Food Safety Modernization Act. This legislation, which was signed into law on January 4, 2011, includes

numerous provisions to strengthen the U.S. food safety system for both domestic and imported products. Some of the new programs that will help ensure the safety of U.S. imports include the creation of a food supplier verification program and the authority to refuse admission to imported food if the foreign facility or country refuses to allow an FDA inspection consistent with the FDA's ability to inspect domestic facilities for safety.

In addition to active participation in the Food Safety Working Group's activities and the earlier Import Safety Working Group, USTR has continued to address the safety of imported products through its work on sanitary and phytosanitary (SPS) issues. An integral part of U.S. FTAs are chapters concerning SPS measures. Each SPS chapter has among its stated objectives the protection of human, animal, and plant life or health. These chapters, among other things, establish standing committees of the parties to the FTA to enhance cooperation and consultation on SPS matters and improve the parties' understanding of each other's SPS requirements, as well as to identify appropriate areas for capacity building and technical assistance. The ongoing TPP negotiations provide the United States with an opportunity to broker a 21st century trade agreement with the world's most dynamic economies to create and retain jobs in the United States. Specifically in the SPS Chapter, we aim to resolve specific SPS-related trade concerns and strengthen commitments to meeting important international obligations by enhancing the transparency and science provisions in the agreement.

The U.S. Government's participation in the APEC Food Safety Cooperation Forum (FSCF) and U.S. leadership in setting up the public-private Partnership Training Institute Network (PTIN) for building food safety capacity emphasizes the importance placed on investing in the strengthening the food safety systems of U.S. trading partners in the Asia Pacific region. In 2011, the United States was the host economy for APEC, and a full suite of food safety activities were held in conjunction with the APEC Senior Officials Meeting in Big Sky, Montana in May. These included a workshop on food safety incident management, the third meeting of FSCF regulators, as well as a roundtable with public and private sector stakeholders from the APEC economies. These stakeholders provided critically important assessments of existing food safety capacity issues, which were used to establish priorities for capacity building activities through 2013. Also in 2011, the FSCF PTIN began work on improving laboratory proficiency in the region through a survey of national laboratories and a workshop organized in Bangkok, Thailand in August 2011. The first replicable training modules on supply chain management were also completed in 2011. Additional work on building laboratory proficiency and reducing unnecessary export certificates is planned for early 2012.

The collaborative model involving industry, academic, and government officials for strengthening food safety systems pioneered in APEC has been so successful that it is now being used as a model for global capacity building on food safety. The APEC FSCF and the World Bank signed a memorandum of understanding on food safety capacity building in May 2011. The World Bank subsequently announced the creation of a global multi-donor partnership for food safety at the APEC Leader's meeting in November 2011 with initial private sector and US government contributions totaling \$1 million. The fund is expected to grow to \$15 million. These efforts to deliver technical training and promote use of best practices in food safety will increase the capacity of APEC and other economies to regulate food safety consistent with international standards and further the adoption of science and risk-based approaches that will improve public health while also facilitating trade.

The WTO Sanitary and Phytosanitary (SPS) and Technical Barriers to Trade (TBT) Committees provide an important forum for the United States to exchange information with its trading partners on countries' respective health and safety requirements, and address concerns about their implementation. These capacity building efforts provide an opportunity for the United States to work with its trading partners to ensure that SPS and product safety requirements are based on the best available scientific and technical information and in accordance with their health and safety objectives.

Strong intellectual property rights (IPR) enforcement also plays an essential role in the protection of public health and safety. In this area, USTR, with the help of other Federal agencies, works with U.S. trading partners to address product counterfeiting by promoting stronger IPR laws and law enforcement around the world, for example, through efforts to negotiate an ACTA. (*For additional information, see Chapter IV.D.*)

F. Organization for Economic Cooperation and Development

Thirty-four democracies in Europe, the Americas, 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, 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 efficient use of resources. Each substantive area is covered by a committee of member government officials, supported by Secretariat staff. The emphasis is on discussion and peer review, rather than negotiation, although some OECD instruments are legally binding, such as the Anti-Bribery Convention. Most OECD decisions require consensus among member governments. In the past, analysis of issues in the OECD often has 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 undertaken by the OECD. 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 for addressing the opportunities and challenges of the global economy and multilateral trading system. On trade and trade policy, the OECD engages in meaningful research, provides a forum where OECD members can discuss complex and sometimes difficult issues, and communicate to the wider public the benefits that trade and open economies generate. Through its multi-disciplinary approach, the OECD offers a distinct advantage in addressing the complex economic effects of trade liberalization.

OECD efforts advance our understanding of how trade openness can bolster economies in member countries as well as in the major emerging and other non-member countries, including through economic modeling that illustrates the effects of trade liberalization on GDP, growth and employment. In recent years, OECD research on the importance of imports in helping firms to cut costs and improve efficiency has advanced understanding of why imports, and not only exports, matter to the health of an economy. The Organization is also active in warning against the dangers of protectionist measures. OECD analysis has helped to identify which policies, among the wide range of measures taken in response to the recent economic crisis, are most supportive of trade, growth and employment.

1. Trade Committee Work Program

In 2011, the OECD Trade Committee, its subsidiary Working Party, and its joint working groups on environment and agriculture, continued to address a number of issues of significance to the multilateral trading system. The Trade Committee met in May and November 2011, and its Working Party met in March, June, October, and December. Members asked the Secretariat to focus its analytical resources on work that would advocate freer trade and deepen understanding of the rationale for progressive trade liberalization in a rules-based environment. Significant attention was paid to the areas of trade and jobs, supply chains, services trade, trade in industrial commodities, and export credits. The Trade Homepage

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 2011. These included:

- Wage Implications of Trade Liberalisation: Evidence for Effective Policy Formation (October 2011), Susan Stone and Ricardo Cavazos Cepeda
- Comparative Advantage and Trade Performance: Policy Implications (October 2011), Przemyslaw Kowalski
- To What Extent Do Exchange Rates and their Volatility Affect Trade? (October 2011), Marilyne Huchet-Bourdon and Jane Korinek
- Trade Facilitation Indicators: The Impact on Trade Costs (September 2011), Evdokia Moïsé, Thomas Orliac and Peter Minor
- Trade in Tasks (August 2011), Rainer Lanz, Sébastien Miroudot and Hildegunn Nordås
- Estimating the Constraints to Trade of Developing Countries (July 2011), Jean-Jacques Hallaert, Ricardo Cavazos Cepeda and Gimin Kang
- Trade in Information and Communications Technology and its Contribution to Trade and Innovation (June 2011), Nobuo Kiriyama
- Intra-Firm Trade: Patterns, Determinants and Policy Implications (June 2011), Sébastien Miroudot and Rainer Lanz
- Trade and Innovation: Pharmaceuticals (April 2011), Nobuo Kiriyama
- The Political Economy of Services in Regional Trade Agreements (April 2011), Craig VanGrasstek
- Transparency Mechanisms and Non-Tariff Measures: Case Studies (April 2011), Evdokia Moïsé
- Dynamic Gains from Trade: The Role of Intermediate Inputs and Equipment Imports (March 2011), Susan Stone and Ben Shepherd
- The Role of Factor Content in Trade (March 2011), Susan Stone, Ricardo Cavazos and Anna Jankowska
- To What Extent Are High-Quality Logistics Services Trade Facilitating? (March 2011), Jane Korinek and Patricia Sourdin
- The Impact of Trade Liberalisation on Jobs and Growth (February 2011), Philippa Dee, Joseph Francois, Miriam Manchin, Hanna Norberg, Hildegunn Kyvik Nordås and Frank van Tongeren

The Trade Committee continued its work developing the Services Trade Restrictiveness Index (STRI), a tool to measure the restrictiveness of barriers affecting trade in services. During 2011, the STRI Steering Group reviewed Secretariat and member country inputs for populating the STRI dataset, and a series of services experts meetings took place to review specific sectors. Consultations with non-members also took place, and there is an active effort to include non-member data in the STRI to ensure that it is a comprehensive tool for trade policy experts.

The OECD Ministerial Council Meeting and 50th Anniversary took place May 25-26, 2011 in Paris. U.S. Trade Representative Ambassador Ron Kirk chaired the Trade Session which focused on trade and jobs and included OECD Members, Enhanced Engagement Partners, accession candidate Russia, and Trade Committee observers Argentina and Hong Kong. Participants underscored the importance of trade for job creation, but regretted that efforts to conclude the Doha Development Agenda were stalled. U.S. Delegate Ambassador Miriam Sapiro noted that maintaining open markets had led to an increase of 17 percent in U.S. exports, but also noted the importance of helping workers adversely affected by trade liberalization. She encouraged a “hard-nosed” discussion of what needed to be done to move the DDA

forward. Members expressed support for the OECD International Collaborative Initiative on Trade and Employment (ICITE) and the STRI.

2. Trade Committee Dialogue with Non-OECD Members

The OECD conducts wide-ranging activities to reach out to non-member countries and to 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 observers of committees when members believe that participation will be mutually beneficial. 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, with these five major economies. Argentina, Brazil, and Hong Kong (China) are regular observers 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 line with its December 2010 Global Relations Strategy. Enhanced Engagement and G-20 countries were invited to participate in special sessions of the May and November 2011 Trade Committee discussions related to trade and jobs, services trade, food security, trade and development, and trade in commodities. This engagement facilitated discussions promoting the functioning and deepening of the multilateral trading system and increasing transparency of trade policies. Russia, the only accession candidate to the OECD, also continued trade-related work on its OECD accession process throughout 2011.

On September 20, 2011, USTR hosted a presentation and discussion in Washington, D.C. of new projects currently under development by the OECD Trade Committee concerning services trade, and raw materials policies and markets. The Director of the OECD Directorate of Trade and Agriculture, provided information to Washington-based Embassy representatives on the OECD Trade Committee’s efforts to create a STRI as well as to enhance transparency in raw materials policies and markets. Participants engaged in a cross-cutting discussion of issues related to these topics.

The OECD Global Forum on Trade took place on November 8-9, 2011 in Paris, and focused on “trade, jobs and inclusive growth.” The forum presented work under the OECD-led ICITE, a project that brings together 10 international organizations in an effort to deepen our understanding of the linkages between trade and jobs, and to develop policy-relevant conclusions. Keynote speaker Jagdish Bhagwati spoke about trade and its essential role in economic recovery. Other speakers discussed how trade can contribute to better working conditions and higher wages, the interplay between regional trade integration and growth, different means of providing assistance to displaced workers, the need to better communicate the benefits of trade, and that job flexibility, social policies and technological innovation are necessary to ensure that workers displaced by trade can find employment. There was broad agreement among forum participants that trade leads to growth in the long term, but some divergent views on how to deal with labor disruptions that may occur in the short run.

In addition, the Trade Committee 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 and Trade Union Advisory Council.

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, or

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: www.oecd.org/trade
- Trade and development: www.oecd.org/trade/dev
- Trade and environment: www.oecd.org/trade/env
- Trade facilitation: www.oecd.org/trade/facilitation
- Agricultural trade: www.oecd.org/agriculture/trade
- Services trade: www.oecd.org/trade/services
- Anti-Bribery Convention: www.oecd.org/corruption
- Export credits: www.oecd.org/trade/xcred
- Employment, Labor and Social Affairs: www.oecd.org/els
- Fisheries: www.oecd.org/fisheries
- Regulatory Reform: www.oecd.org/regreform
- Steel: www.oecd.org/sti/steel