

IV. OTHER TRADE ACTIVITIES

As with the other Chapters in this report, Chapter IV focuses primarily on actions taken by the U.S. government during 2016. The Trump Administration continues to develop its plans with respect to the issues discussed below.

A. Trade and the Environment

In 2016, the United States and 16 other WTO Members continued to work on the Environmental Goods Agreement (EGA) negotiations, which would eliminate tariffs on environmental technologies such as wind turbines, water treatment filters, and solar water heaters. In addition, the United States and 12 other WTO Members announced their plans to negotiate in the WTO a first of its kind, rules-based plurilateral agreement to prohibit harmful fisheries subsidies.

The United States continued to prioritize implementation of the free trade agreements (FTAs) currently in force. In particular, in February 2016, the United States made use of an important monitoring and enforcement tool under the Annex on Forest Sector Governance of the United States-Peru Trade Promotion Agreement (PTPA) to request that the government of Peru verify that a shipment of timber products exported to the United States complied with all applicable Peruvian laws and regulations. The results of the verification demonstrated that a majority of the shipment was illegally sourced, due to challenges that remain in Peru's forestry regime. The verification process catalyzed a series of actions to improve enforcement of Peruvian forestry laws, for example, improvements to Peru's export documentation requirements for timber. In 2016, the United States also met with officials from Dominican Republic-Central America Free Trade Agreement (CAFTA-DR) countries (Costa Rica, El Salvador, Guatemala, Honduras, Nicaragua, and the Dominican Republic), as well as Chile, Colombia, Korea, Morocco, Panama, and Singapore to discuss implementation of and monitor progress under the environment chapters of our FTAs.

USTR also contributed significantly to implementation of the National Strategy to Combat Wildlife Trafficking and the Action Plan to Combat Illegal, Unreported, and Unregulated (IUU) Fishing and Seafood Fraud. These initiatives call for addressing these challenges, including by using existing and future U.S. trade agreements, environmental cooperation mechanisms, and other trade-related initiatives.

1. Multilateral and Regional Fora

Regional Engagement

In APEC, the United States worked to ensure that economies that had not yet implemented APEC Leaders' 2011 commitment to reduce tariffs on environmental goods to five percent or less fulfilled their commitment to cut these tariffs. As a result of USTR's efforts, Vietnam and Thailand have joined other APEC economies in cutting tariffs on environmental goods, resulting in the reduction of tariffs on hundreds of tariff lines across the Asia-Pacific region, impacting billions of dollars of U.S. exports.

In 2016, the United States launched a new initiative under APEC's Regulatory Cooperation Advancement Mechanism aimed at facilitating trade and investment in sustainable materials management (SMM) solutions. This effort will catalogue APEC economy definitions of waste-related terms (*e.g.*, municipal solid waste, recyclable material, renewable energy) that impact trade and investment in SMM solutions as a first step towards addressing the barriers these diverse and inconsistent definitions may occasionally create.

Through the APEC Experts Group on Illegal Logging and Associated Trade (EGILAT), the United States worked with other Asia-Pacific economies to combat illegal logging and associated trade. This work included developing a law enforcement network, a workshop on strengthening forest control systems in APEC economies, and improved reporting on APEC economies' laws and regulations based on a common understanding of illegal logging and associated trade agreed to by EGILAT economies.

Additionally, in November 2016, the United States held the seventh meeting of the United States - China Bilateral Forum on Illegal Logging and Associated Trade. During this meeting, the United States and China shared information on domestic actions and advances in enforcement, including enforcement of the U.S. Lacey Act; discussed several specific trade flows as case studies to reflect on identified challenges and efforts to address them; identified areas for continued and future cooperation around sharing of trade data and lessons learned in enforcement and wood traceability; and highlighted our work with stakeholders on addressing illegal logging and promoting legal trade in timber products.

WTO and Other Multilateral Engagement

As described in more detail in Chapter II of this report, the United States continues to explore and advance fresh and innovative approaches to all aspects of the WTO's trade and environment work.

The United States and the 16 other WTO Members participating in the EGA negotiations made continued their discussions in 2016. Trade Ministers and other senior officials from all 17 EGA members met in Geneva on December 3 and 4, where negotiations stalled. Participants are currently assessing appropriate next steps for 2017. In addition to the United States, 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 negotiations.

In September 2016, the United States and 12 other WTO Members (Argentina, Australia, Canada, Chile, Colombia, New Zealand, Norway, Papua New Guinea, Peru, Singapore, Switzerland, and Uruguay), issued a joint statement announcing their intention to negotiate a plurilateral agreement in the WTO to prohibit harmful fisheries subsidies, particularly those that contribute to overfishing and overcapacity or are linked to IUU fishing, and to increase transparency in reporting of fisheries subsidies. Since the announcement, three other WTO Members (Brazil, Iceland, and Panama) have joined this initiative, and the group is discussing plans for advancing the negotiations in 2017.

In 2016, USTR supported the U.S. efforts on a number of multilateral environmental agreements and related international initiatives to ensure consistency with international trade obligations, 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 Nations 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 engaged in and contributes expertise to U.S. fisheries policy development, regional fisheries management organizations, and the International Tropical Timber Organization.

2. Bilateral and Regional Activities

In 2016, 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 and to monitor progress achieved. USTR's actions to improve monitoring the forestry commitments under the PTPA were particularly noted.

T-TIP Negotiations

By the end of 2016, United States and European Union teams had met in fifteen formal T-TIP negotiating rounds, including four in 2016, and had engaged in a wide range of discussions and negotiating sessions between rounds. The T-TIP negotiations stalled in late 2016. Substantial negotiations on several critical issues will be required to complete the agreement during the Trump Administration. The Administration is currently evaluating the status of the negotiations.

Bahrain FTA

In 2016, U.S. Government officials and experts engaged and worked closely with officials from Bahrain's Supreme Council for Environment to develop a revised Plan of Action, pursuant to the United States-Bahrain Memorandum of Understanding on Environmental Cooperation accompanying and supporting implementation of the Environment Chapter under the FTA. The Plan of Action identifies goals and cooperation activities that will help Bahrain strengthen its capacity to protect the environment while promoting sustainable development in concert with the trade relationship established under the FTA. The Plan of Action is awaiting Bahraini cabinet approval.

CAFTA-DR

The United States and other Parties to the CAFTA-DR continued efforts to strengthen 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 three in-person meetings and one video conference in 2016 to discuss priorities for environmental cooperation funding, monitoring and implementation of Environment Chapter obligations, and the preparation for senior-level meetings of the Environmental Affairs Council (Council). The Council met on July 7-8 in San Salvador, El Salvador, to commemorate the ten year anniversary of CAFTA-DR and discussed the successes and challenges of implementing the Environment Chapter obligations over the past ten years, with a particular focus on institutional strengthening, wildlife legislation, regional cooperation, public participation in environmental decision-making, and private sector engagement. The Council decided to focus future efforts on the illegal trade of timber, wildlife, and marine resources, promoting public participation, the conservation of coastal and marine ecosystems, solid waste management, air pollution, and water resources management.

The Council also received an update from the independent CAFTA-DR 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 37 submissions regarding effective enforcement of environmental laws and has disseminated information about the submission mechanism to over 3,800 people from non-governmental organizations, academia, the private sector, and governments. The Council also adopted the "San Salvador Declaration: United Protecting the Environment," reaffirming the commitment to "promote sound environmental policies that

ensure high levels of environmental protection and to encourage trade and investment in line with such policies.”

The Council also hosted a public session that included a press conference, live-streamed panel discussions, and an expo for approximately 300 attendees. The event provided the opportunity for an interactive exchange of views between government representatives, environmental groups, academia, and private sector representatives on monitoring and implementation of the chapter and environmental cooperation programs.

Chile FTA

In 2016, Chile enacted a new wildlife law to implement its obligations under the Convention on International Trade in Endangered Species of Fauna and Flora (CITES). The United States has long supported Chile’s efforts to strengthen its CITES implementing legislation as part of our ongoing environmental cooperation program under the auspices of the Joint Commission for Environmental Cooperation. The United States supported other environmental cooperation activities in Chile in 2016. For example, the U.S. Environmental Protection Agency, with the U.S. Department of Justice’s participation, trained over 400 people in Chile on environmental enforcement and compliance matters, including environmental crimes, continuous emissions monitoring systems, and environmental forensics. The U.S. Department of the Interior worked with Chilean counterparts to: (1) finalize a wildlife crime scene manual and produce five tutorial videos; (2) organize an “Environmental Crimes Seminar” in partnership with Chile’s Attorney General’s Office to explain wildlife crimes under the new wildlife law; and (3) draft a conflict resolution manual in partnership with Chile’s Ministry of the Environment to help park rangers and administrators address socio-environmental conflicts related to protected areas. The United States also supported preparation and completion of a study by World Wildlife Fund that compares Chile’s IUU fisheries law with similar laws and measures in the United States, New Zealand, and Australia, and presented it to Chile’s Parliament, which led to a draft bill to strengthen Chile’s laws against IUU fishing.

Colombia TPA

The United States worked closely with Colombia to advance 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 United States – Colombia Trade Promotion Agreement (CTPA). The Secretariat promotes public participation in the identification and resolution of environmental enforcement issues by receiving and considering submissions from the public on matters regarding enforcement of environmental laws. The United States and Colombia selected Fondo Accion, a Colombian non-governmental organization, as the host entity and the Department of State awarded a grant to Fondo Accion in the spring of 2016 to house the Secretariat.

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 2016 invested more than \$20 million in activities that directly supported the work program. USAID worked to improve the informal mining sector’s compliance with law, including the development of an air-borne mercury monitoring protocol that has produced the mercury pollution baseline for eight municipalities. Programs supported by U.S. biodiversity funding have focused on conservation efforts in Colombia’s Andean Amazon, Caribbean Tropical Dry Forest and Pacific Humid Tropical Forest regions, including training on resource management for approximately 15,000 people from communities living in sensitive ecosystems and biodiversity hotspots. USAID also supported the development of the forest monitoring, verification, and reporting system and conducted capacity building for the National Forest Inventory.

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 under the 2014-2017 Work Program for Environmental Technical Cooperation which includes cooperation on institutional 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 2016, the U.S. Forest Service (USFS) continued to support improved management of areas of biological significance through partnerships with Jordan's Royal Society for the Conservation of Nature. Also in 2016, the USFS provided technical assistance to the Ministry of Agriculture/Forestry Department to improve reforestation practices including technical assistance for native nurseries to grow more vigorous seedlings, increase seedling survival rates, and conserve soil and water.

Korea FTA

In accordance with the United States-Republic of Korea FTA and the United States-Republic of Korea Environmental Cooperation Agreement, the United States and South Korea have worked closely together on a range of environmental matters under the 2016-2018 Work Program. In January 2016, South Korea ratified the FAO Port State Measures Agreement to combat IUU fishing, which entered into force on June 5, 2016. Also in 2016, the National Oceanic and Atmospheric Administration (NOAA) participated in South Korea's fisheries training program for third country nationals, which uses materials developed by NOAA in conjunction with FAO and other regional fisheries organizations. In June 2016, South Korea's National Institute of Environmental Research (NIER) concluded a six-week study on local air quality with the U.S. National Aeronautics and Space Administration (NASA). The study included specific air quality testing by three planes, ground aerial observation, air quality modeling, and satellite data analysis. Having installed equipment capable of remotely observing air pollutants in six locations of South Korea, NASA plans to provide researchers with real-time data to support particulate matter forecasting. NIER said that the joint research would help South Korea improve its air quality observation capacity.

Morocco FTA

In accordance with the United States-Morocco FTA and the United States-Morocco Joint Statement on Environmental Cooperation, the United States and Morocco have worked closely together on a range of environmental matters under the 2014-2017 Plan of Action, which identifies priority areas for cooperation, including: strengthening institutions and policies for effective implementation and enforcement of environmental laws; promoting green growth and green jobs, related research and development and the diffusion of environmentally sound technologies and practices; enhancing biodiversity conservation and improving management of protected areas and other ecologically important ecosystems while improving livelihoods; and increased public participation and transparency in environmental decision making and enforcement in Morocco.

A key achievement in 2016 under the United States - Morocco Joint Statement was signing and launching a new sister park arrangement between Great Basin National Park in Nevada and Toubkal National Park in Morocco with support from the Department of Interior's International Technical Assistance Program. This is the first National Park Service sister park arrangement with a country in the Middle East/North African (MENA) region.

The U.S. Forest Service also worked with the High Commission for Water, Forests, and the Fight Against Desertification to provide technical assistance, including by providing training on the principles of incident command and fire response tactics and tools, watershed management, and tree nursery and reforestation best practices.

The National Oceanic and Atmospheric Administration worked with the Moroccan National Agency for Development of Aquaculture and aquaculture cooperative members to install new mussel longline demonstration farms, provide training on marine aquaculture, and develop siting guidelines, monitoring standards, and environmental models for aquaculture.

Oman FTA

In accordance with the United States-Oman FTA and the United States-Oman Memorandum of Understanding (MOU) on Environmental Cooperation, the United States and Oman have worked closely together on a range of environmental matters. In 2016, progress on environmental cooperation continued through the plan of action implementing the MOU. 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 and to conduct a sea turtle population assessment with the aim of increasing awareness and improving conservation efforts. The U.S. Department of Justice worked with MECA to review Oman's environmental legal regime, including ambient air quality regulations. In addition, the Environmental Protection Agency worked with MECA to provide technical assistance and training on use of air quality monitoring equipment and data assessment for effective implementation of air quality regulations.

Panama TPA

In November 2016, the United States and Panama held a meeting of the Free Trade Commission and discussed progress in meeting the obligations under the United States – Panama TPA, including next steps in staffing an independent Secretariat, pursuant to Article 17.8 of the TPA. In December 2015, the United States and Panama signed an agreement for the establishment of the Secretariat and the agreement entered into force on August 27, 2016. The secretariat mechanism is intended to promote public participation in the identification and resolution of environmental enforcement issues and receive and consider submissions from the public on matters regarding enforcement of environmental laws. The Secretariat is housed in the Water Center for the Humid Tropics of Latin America and the Caribbean, an international environmental organization for the region located in Panama City, Panama. The Environmental Affairs Council is in the process of finalizing the appointment of an Executive Director for the Secretariat.

The Department of State continued to support environmental cooperation led by the Environmental Protection Agency (EPA) focused on the implementation and enforcement of environmental laws in Panama. In May 2016, EPA conducted a training workshop for judicial prosecutors focusing on management of environmental cases, remediation measures, and evaluation of environmental damages; and in June 2016, a compliance inspection training course. EPA is also consulting with Panama's Environment Ministry on drafting improved wastewater regulations.

In November 2016, Panama ratified the Port State Measures Agreement (PSMA), joining the United States, 35 other countries, and the European Union in an international treaty to prevent, deter, and eliminate illegal, unreported, and unregulated fishing.

Peru TPA

The United States and Peru held multiple meetings to discuss and monitor implementation of obligations under the PTPA's Environment Chapter and Forest Annex, with broad participation from a range of government agencies and stakeholders. This regular engagement provided important opportunities to monitor implementation and gather information about new laws, regulations, and policies that Peru is implementing, particularly in the forest sectors, and to gain a better understanding of their environmental and trade impacts. In July 2016, as part of its ongoing review of the monitoring of environmental

commitments in FTAs (GAO-15-161), the Government Accountability Office (GAO) indicated it was encouraged by USTR's actions to improve monitoring of forest commitments under the PTPA.

The Forest Annex has catalyzed significant reforms in Peru's forest sector; however, Peru continues to face challenges in combating illegal logging. In February 2016, following public reports of illegal timber products from Peru entering the United States, USTR, on behalf of the U.S. Interagency Committee on Trade and Timber in Peru (Timber Committee), invoked one of the monitoring tools provided for in the PTPA Forest Annex, and requested the government of Peru to verify that a specific shipment of wood products exported to the United States in 2015 complied with all applicable Peruvian laws and regulations. Peru completed the requested verification, which revealed that significant portions of the timber shipment were not compliant with Peru's laws on harvest and trade in timber products. In August 2016, the Timber Committee issued a set of recommended actions to address the issues identified in the verification. In November 2016, USTR reached an understanding with Peru on a set of actions responsive to the verification findings that Peru committed to take to address ongoing challenges in combating illegal logging and associated trade. The actions include amending export documentation to improve traceability throughout the supply chain, risk-based measures to improve timely detection of illegally harvested timber, and steps to improve the accuracy of annual timber harvest plans. USTR and other agencies will continue to engage closely with Peru to ensure that Peru implements the actions it has committed to take and to monitor their impact.

In November 2016, 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. U.S. and Peruvian officials also held a public session with stakeholders to share information and exchange views on implementation of the chapter and environmental cooperation.

During the meetings of the EAC and Subcommittee on Forest Sector Governance, Peru presented information on measures taken to implement its environmental commitments, including the issuance of the Forest and Wildlife Regulations which implement the Forest and Wildlife Law 29763; the implementation of the National System on Forest and Wildlife Management; and the passage of legislative decrees 1220 and 1237 which enhance the authority of Peruvian enforcement agencies to seize timber and increase penalties for illegal logging and related crimes, among other actions. The United States discussed progress in implementing the Minamata Convention on Mercury, the establishment of new marine protected areas, and ongoing efforts to enforce environmental laws. The United States and Peru also engaged in detailed discussions on the results of the Timber Committee's verification request, resulting in agreement on the set of actions referenced above. During the EAC, the United States and Peru also approved and announced the hiring of a new Executive Director for the independent Secretariat established to receive submissions from the public on effective enforcement of environmental laws. The Secretariat is housed in Washington, D.C. in the Organization of American States, a regional organization with 35 member states from the Western Hemisphere.

The United States and Peru continued to make progress implementing the Environmental Cooperation Agreement Work Program (2015-2018), including the signing of a Memorandum of Understanding between the United States and the Environmental Protection Agency and the Peruvian Agency for Environmental Assessment and Enforcement to support Peru's efforts to strengthen enforcement of and compliance with environmental laws. The United States, through USAID, continued to support the 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. USAID and USFS are also supporting the development of a public database that will include land use and mapping information for natural resource management and land use decision-making and the analysis and publication of near real-time deforestation information, including detection of illegal logging activities. USAID and USFS have assisted with the training of Forest Regents, who approve forest management plans in publicly awarded timber concessions

and thus serve as one of the first points of control in legal forest management as well as management by local communities. To support the prosecution of environmental cases, U.S. Government assistance has supported training for environmental prosecutors and has helped to launch satellite monitoring in Loreto which will allow prosecutors to build stronger cases against illegal logging.

Singapore FTA

In accordance with the United States-Singapore FTA and the United States-Singapore Memorandum of Intent on Cooperation in Environmental Matters, the United States and Singapore have worked closely together on a range of environmental matters under the 2016-2017 Plan of Action for Environmental Cooperation. The Plan of Action includes: (1) cooperation on strengthening institutions for the effective implementation and enforcement of environmental laws; (2) participating in regional initiatives related to the conservation and sustainable use of and trade in natural resources; and (3) exchanging information on environmental policies, best practices and use of innovative environmental technology and pollution management techniques. Notable achievements in 2016 include cooperative investigations with Singapore authorities and U.S. Immigration and Customs Enforcement and Homeland Security Investigations to help facilitate Singapore's interdiction of illegal wildlife products. The Energy Market Authority of Singapore and the U.S. Department of Energy also signed a Joint Statement of Intent on Clean Energy Cooperation, which provides a framework to identify and achieve shared energy goals. The U.S. Environmental Protection Agency, U.S. Coast Guard, U.S. Army Corps of Engineers, U.S. Geological Survey, Federal Emergency Management Agency, and National Oceanic and Atmospheric Administration provided technical assistance to Singapore's Ministry of the Environment and Water Resources and National Environment Agency on emergency preparedness and crisis management with respect to hurricanes, floods, oil spills, and volcanic ash.

B. Trade and Labor

The U.S. Government continued to engage with trade partners on labor rights through the formal mechanisms of trade agreements and trade preference programs, as well as through innovative initiatives, capacity building, and technical assistance. In 2016, labor issues were an aspect of trade and investment negotiations and dialogue with the Asia-Pacific, Latin America, China, and the European Union, including through Labor Affairs Council or labor affairs subcommittee meetings under existing trade agreements, Trade and Investment Framework Agreements (TIFAs), and multilateral fora, such as the International Labor Organization (ILO), the Asia Pacific Economic Cooperation (APEC), and the Organisation for Economic Co-operation and Development (OECD).

The United States has used available trade policy tools 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, Colombia, and Vietnam and negotiating an extensive monitoring and action plan with Honduras.

The Administration has supported the Trade Adjustment Assistance (TAA) program, which assists American workers adversely affected by global competition and helps to ensure that they are given the best opportunity to acquire skills and credentials to get good jobs, as an essential component of trade policy (*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 fundamental labor rights as stated in the 1998 ILO *Declaration on Fundamental Principles and Rights at Work*. These agreements include 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. The Department of Labor's (DOL) Bureau of International Labor Affairs (ILAB), along with USTR's Office of Labor Affairs serves as the contact point for the labor chapters of U.S. free trade agreements. For additional information on ILAB, its Procedural Guidelines, the responsible office within ILAB (the Office of Trade and Labor Affairs), and the process for filing a communication, visit <https://www.dol.gov/agencies/ilab/about-us/offices#otla>. The Procedural Guidelines are also available in Arabic, French, and Spanish.

The U.S. Government has historically engaged on labor issues as part of our ongoing monitoring and implementation of U.S. trade agreements. It has also worked with trading partners to advance labor rights through technical cooperation efforts, including in the Dominican Republic-Central America-United States Free Trade Agreement (CAFTA-DR) countries, Morocco, Jordan, Peru, Korea, Mexico, and Colombia (*for additional information, see Chapter III.A*). In 2016, 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. In November 2016, USTR and DOL officials met with government officials and stakeholders in Korea to follow up on the labor commitments under the United States-Korea Free Trade Agreement (KORUS). In particular, discussions were held with respect to Korea's commitments to adopt and maintain the rights to freedom of association and collective bargaining, and the elimination of discrimination in employment (*for additional information see Chapter III.A.8*).

In 2016, 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 Colombian government continued to take steps to implement the Action Plan, including by issuing a Presidential Decree to address abusive forms of subcontracting. The Colombian Ministry of Labor began to implement the decree and took steps to levy significant fines against employers that use illegal subcontracting arrangements to undermine labor rights. In October, a USTR official visited Colombia to monitor the implementation of the Action Plan, and held meetings with high-level government officials, including the Vice Minister of Labor, and extensive discussions with interested stakeholders. Officials from USTR and the DOL also met with a team from the Attorney General's Office of Colombia to discuss ongoing initiatives to prosecute perpetrators of violence against trade unionists. In May 2016, the DOL received a public submission under the Labor Chapter of the United States-Colombia Trade Promotion Agreement, from labor unions and NGOs in the United States and Colombia. The submission alleged that the government of Colombia has failed to effectively enforce its labor laws and to adopt and maintain laws that protect fundamental labor rights. The DOL accepted the submission for review in July and per its internal procedures, will issue a public report based on its review by January 11, 2017, which recommended undertaking consultations between the contact points designated under the Labor chapter to address concerns raised in the report including with respect to labor inspections and improving labor law enforcement (*for additional information, see Chapter III.A.5*).

In February 2015, the DOL released a report on labor issues in Honduras based on a submission by the American Federation of Labor and 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. Pursuant to the report's recommendations, in December 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 GOH

took important steps to implement the Plan in 2016, including hiring more than 25 new inspectors, doubling the budget of the labor inspectorate (an increase of \$1.6 million), and passing a comprehensive legal reform for labor inspections that significantly increases fines for violations of labor rights. The GOH also continued an intensive consultation process and sharing of labor law enforcement information with stakeholders and the public, per commitments in the Plan (*for additional information, see Chapter III.A.3*). Labor officials from the United States and Morocco continued to strengthen areas of cooperation under the United States-Morocco Free Trade Agreement. Officials from the DOL visited Morocco on multiple occasions during 2016 to oversee technical assistance projects, including the two funded by DOL designed to address child labor and gender equity, and to explore areas of continued cooperation, building on discussions held during the 2014 Labor Subcommittee meeting (*for additional information, see Chapter III.A.9*).

In September 2016, the dispute settlement panel adjudicating the dispute brought by the United States against Guatemala issued its non-public initial report to the disputing Parties for their review and comment. In this case, the United States maintains that Guatemala has failed to effectively enforce its labor laws contrary to Guatemala's obligations under the CAFTA-DR. Also in 2016, the United States noted ongoing concerns with similar labor enforcement issues in Guatemala in the context of an Article 26 complaint before the ILO. At the ILO Governing Body meeting in November, the United States recognized progress by Guatemala in the area of pending labor legislation to restore the authority of labor inspectors to impose penalties, but also noted serious concerns regarding enforcement of labor court orders, as well as impunity for violence against trade unionists (*for additional information, see Chapter III.A.3*).

In 2016, the United States continued to monitor and assess progress towards addressing the labor concerns identified in a 2013 public report issued by the DOL concerning labor rights in the Dominican Republic. This report was issued following a review by DOL a public submission it received pursuant to the labor chapter of the CAFTA-DR. In October, the DOL, in consultation with USTR and State, issued a public update on its findings, noting a number of positive steps taken by the government and by industry designed to address the labor issues identified in the 2013 report and pointing to areas of potential collaboration. Among other areas of note, the Ministry of Labor of the Dominican Republic added 15 vehicles to its inspection fleet to help reach more remote areas and developed plans to extend labor inspections of the sugar industry throughout the year.

Also in 2016, the DOL issued reports for two additional public submissions on labor rights, one involving Mexico and the other involving Peru. The DOL's report on the Mexico submission under the North American Agreement on Labor Cooperation (the NAFTA labor side agreement), recommends expeditious passage and effective implementation of constitutional and legislative initiatives that the government of Mexico introduced in 2016 to reform and modernize the system of labor justice administration. In November, Mexico's Congress passed constitutional reforms to create new labor courts and significantly reform Mexico's system of labor justice administration. In January 2017, the reforms were approved by a majority of Mexican states, as required by the ratification process, and will be implemented over the course of the year. In addition, legislative reforms to address concerns with registration of collective bargaining agreements and with the voting process to decide union representation challenges were pending before Mexico's Congress at year's end.

The DOL's report on the Peru submission under the United State-Peru Trade Promotion Agreement recommends that the government of Peru take steps to address problems with temporary contracts in special export regimes, primarily textiles and agriculture, where there are increasing concerns that employers use these arrangements to undermine the free exercise of labor rights (*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 publically identifying noncompliant producers on a biennial basis and providing assistance to such producers to come into compliance. In addition, DOL provides support to at-risk producers to help ensure that they do not fall out of compliance. In the 2015/2016 reporting period, DOL did not identify any new non-compliant producers for the biennial reporting period, but continued to provide support to at-risk producers throughout 2015 and 2016. During 2016, DOL worked with several producers to address preliminary concerns related to industrial relations and the proper payment of wages and benefits to prevent non-compliance. USTR and DOL also continued to work closely with the government of Haiti, the ILO, and other U.S. Government agencies on implementation of the Technical Assistance Improvement and Compliance Needs Assessment and Remediation (TAICNAR) program to monitor factories' compliance with core labor standards. (For additional information, view the 2016 USTR Annual Report on the Implementation of the TAICNAR program at: <https://ustr.gov/sites/default/files/USTR-Report-Haiti-HOPE-II-2016.pdf>).

U.S. trade preference programs, including the Africa Growth and Opportunity Act (AGOA), the Caribbean Basin Trade Partnership Act, trade preferences for Haiti, Nepal, and the Generalized System of Preferences (GSP), require beneficiaries to meet statutory eligibility criteria pertaining to worker rights and child labor. In 2015, the GSP program was reauthorized after a lapse of two years. Congress also extended both the AGOA and HOPE preference programs and subsequently authorized trade preferences for Nepal.

During 2016, USTR renewed its engagement with governments and stakeholders involved in ongoing GSP worker rights-related reviews of Fiji, Georgia, Iraq, Niger, Burma, and Uzbekistan, and began its review of Thailand. The U.S. Government has provided technical assistance to a number of countries to help them address the concerns raised under GSP worker rights reviews. For example, the DOL provided technical assistance to Georgia during the year to help re-establish a labor inspectorate in that country and funded a labor rights program in Uzbekistan to help address forced and child labor in the cotton sector. The Department of State funded the creation of a labor consultative mechanism for stakeholders in Burma to advise the government on continuing labor reforms. Based on recent reforms in law and practice, and other important progress made by the government of Burma with respect to workers' rights, President Obama restored GSP eligibility for Burma in November 2016. USTR also announced the closure of worker rights reviews of Fiji and Niger in January 2017, reflecting progress made by both countries in addressing labor rights concerns. In Fiji, a tripartite agreement brokered by the ILO between trade unions, employers, and the government addressed all of the concerns raised in the third party petition submitted by the AFL-CIO. In Niger, the USTR announced a closure of the review citing progress by the government in raising awareness of and combatting forced and child labor.

Bangladesh was suspended from GSP eligibility in June 2013 based on worker rights concerns. At the time of the suspension, USTR provided Bangladesh with an Action Plan which, if implemented, could provide a basis for the restoration of benefits. In July 2013, the Administration also joined the Sustainability Compact for continuous improvements in labor rights and factory safety, a public declaration of commitments that now includes the governments of Bangladesh, the European Union, the U.S., Canada, and the ILO, that was substantially similar to the GSP Action Plan. In January 2016, USTR led an interagency delegation to Bangladesh to assess progress towards the goals of the Sustainability Compact and GSP Action Plan and to reiterate to the government of Bangladesh that although some initial steps had been taken more needs to be done to improve worker rights and worker safety issues in the country. During the year, Compact participants continued to communicate 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. USTR also coordinated with the two private sector safety initiatives, the Alliance and the Accord, in their efforts to ensure worker safety and factory remediation.

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. USTR and the DOL also organized and hosted a Trade and Labor Ministerial as a part of the annual AGOA Forum. The two-day roundtable discussion at DOL featured the participation of both African trade and labor ministers in order to highlight the need for better coordination between trade and labor ministries in the effort to promote and sustain inclusive economic growth. The DOL announced several new technical assistance projects as part of the forum to better integrate trade and labor strategies in Africa and to increase productivity and exports while pulling people out of poverty.

The United States and China committed to a dialogue on labor and employment issues in 2009 during the first United States-China Strategic and Economic Dialogue. In May 2016, the DOL and the China Ministry of Human Resources and Social Security (MOHRSS) held this annual dialogue, and discussed topics such as labor and employment challenges at the national level, workers' rights to freedom of association and collective bargaining, entrepreneurship and skills training, and strategic enforcement of labor laws.

The fourteenth meeting of the United States-Vietnam Labor Dialogue took place in November 2016 in Hanoi, at which the DOL and Vietnam's Ministry of Labor, Invalids, and Social Affairs (MOLISA) discussed the 2016 list of goods produced by child labor and ways to cooperate in the future to monitor and enforce laws prohibiting child labor in Vietnam. They also discussed continuation of U.S. assistance to the ILO Better Work program in Vietnam, as well as U.S. technical assistance for Vietnam to address consistency with international labor standards within its system of industrial relations more broadly.

USTR also engaged with several countries in 2016 on labor issues in the context of TIFA meetings and other bilateral trade mechanisms. For example, discussions with Chile, Philippines, Thailand, and Sri Lanka 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 2016, USTR continued to coordinate U.S. Government engagement around the *Initiative to Promote Fundamental Labor Rights and Practices in Myanmar*, including through organization and participation in the second annual multi-stakeholder meeting in Burma. The *Initiative*, an innovative multi-stakeholder effort launched by the government of Burma and USTR in 2014, aims to improve the respect for and protection of labor rights in Burma, with development assistance and advice from interested governments, worker organizations, business interests and civil society. The September 2016 forum brought together partner governments, including the governments of Burma, the United States, Japan, Denmark, and the European Union, with the ILO and business and labor interests to provide practical input into and to affirm the commitment of the newly elected democratic government of Burma to ongoing labor and social 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 2016, the United States furthered its efforts to broaden international consensus on the relationship between trade and labor and the benefit of ensuring protection of labor provisions as part of trade policy. 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, in 2016, USTR and DOL officials continued their participation in ILO-led research and dialogue as part of a multi-year project to study the inclusion of labor provisions in trade and investment agreements. In 2016, the ILO also issued an *Assessment of Labour Provisions in Trade and Investment Arrangements* (http://www.ilo.org/global/publications/books/WCMS_498944/lang--en/index.htm), in which the ILO found, among other things, that labor provisions have been an important tool for raising awareness and improving laws and legislations with respect to workers' rights and developing domestic institutions to better monitor and enforce labor standards.

The United States also 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. This includes, in particular, emphasis on non-discrimination in the workplace and gender-related issues.

C. Small and Medium Size Business Initiative

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 2016, 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, and 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.

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 (SBA), the U.S. Department of Commerce and other agencies to help provide U.S. SMEs information, assistance, and counselling on specific export opportunities. In 2016, USTR undertook significant actions in continued support of our SME objectives.

1. USTR SME-Related Trade Policy Activities

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. Under the SME Initiative, USTR's small business office, regional offices, and functional offices are pursuing initiatives and advancing efforts to address these issues. For example, USTR is hopeful that the WTO Trade Facilitation Agreement will eliminate red tape and bureaucratic delay for goods shipped around the globe. Small businesses would benefit tremendously from such a development since their size poses unique challenges in navigating restrictive rules around the world. USTR is also leading

efforts to strengthen and enforce intellectual property rights, reduce services market barriers, and simplify government procurement rules.

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 the Asia-Pacific Economic Cooperation (APEC) forum, APEC continues to implement the 2015 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 advanced 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 the APEC Alliance for Supply Chain Connectivity (A2C2), 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 SMEs that often lack the resources necessary to navigate overly complex requirements to deliver their goods to overseas markets in the region. APEC's new website called the APEC Trade Repository (APECTR) at <http://tr.apec.org>, should continue to 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 SBA, the U.S. Department of State, and other agencies to support the 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 worked with SBA and the State Department on preparations for the America's Small Business Development Centers annual meeting in Orlando, and supported the SBNA matchmaking workshop of SBDCs in the United States with potential sister centers in countries in the Western Hemisphere and other regions.
- In the WTO context, USTR is exploring the development of further work with other WTO members on issues of interest to SME stakeholders, such as tariff bindings, duty-free treatment of digital goods, transparency of regulatory processes, and implementation of trade facilitation measures.
- USTR also discussed SME issues in other bilateral fora with trading partners in Europe and the Middle East. In the U.S.-Georgia High Level Dialogue on Trade and Investment, parties are exploring further work on SME issues with a particular focus on best practices and policies for expanding SME e-commerce and digital trade. USTR also discussed SME issues in a meeting under the U.S.-Qatar Trade and Investment Framework Agreement, with a particular focus on best practices with Small Business Development Centers and training.

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, SBA, 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 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 SBA created the FTA Tariff Tool. This free, online tool (<http://export.gov/FTA/ftatarifftool/index.asp>) was designed to help small businesses take better advantage of the reduction and elimination of tariffs under U.S. FTAs. The FTA Tariff Tool has been expanded to include tariff information on textiles and apparel products as well as rules of origin under U.S. FTAs. Additionally, the TPCC SME Task Force worked to eliminate registration costs for USA Trade Online, a data tool provided by the U.S. Census Bureau that gives users access to current and cumulative U.S. export and import data. Users can create customized reports and charts detailing international trade data at different levels, which can be especially helpful for small businesses.

3. USTR's SME Outreach and Consultations

In 2016, USTR participated in engagements around the country to hear from local stakeholders about the trade opportunities and challenges they face. 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 2016 regarding the U.S. trade agenda, including at the Kansas World Trade Center in Kansas City, MO; the Ohio State University Fisher College of Business Global Summit in Columbus, OH, the National District Export Council meeting in Washington, D.C., the Friedrich Ebert Foundation meeting in Austin, Texas; 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-five 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, and provides a forum in which OECD Members can discuss complex and sometimes difficult issues. The OECD is also active in studying the balance between domestic objectives and international trade.

1. Trade Committee Work Program

In 2016, 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 2016, and its Working Party met in March, June, October, and December. The Trade Committee and its subsidiary groups paid significant attention to trade facilitation, government procurement, global value chains and trade in value-added, services trade, data localization, technology transfer, local content policies, state-owned enterprises, and international regulatory cooperation. 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.

The Trade Committee continued its analysis and work surrounding barriers affecting trade in services. In 2016, the Committee initiated consideration of two horizontal themes; work on trade policy-making in the digital economy, which dovetails with the OECD-wide horizontal project on Digital Policy, and work on trade and investment, which includes close collaboration and coordination with the Investment Committee, the Committee on Industry, Innovation and Entrepreneurship and the Statistics Directorate. Looking ahead, the Trade Committee will also continue its work on participation in global value chains, trade facilitation, trade in services, the digital economy, export credits, environmental policies, and trade-related international regulatory cooperation.

The OECD Ministerial Council Meeting took place in June 2016 in Paris. USTR participated in the Trade Session, which focused on implementing the Bali and Nairobi Ministerial agreements and enabling a more productive future at the WTO. As part of this session, ministers recognized the need to boost trade and investment to foster productivity and achieve inclusive and sustainable growth. Ministers welcomed WTO-consistent and WTO-supportive bilateral, regional, and plurilateral initiatives aimed at promoting trade. They also encouraged the integration of new and emerging issues, such as digital trade, regulatory coherence, competition and investment, in the post-Nairobi multilateral negotiating agenda. Ministers urged the OECD to deepen its analytical work on the provisions of regional trade agreements to better understand them and their impact. Ministers welcomed the formal launch of the LAC Regional Programme, which aims to shape strategic responses related to increasing productivity, advancing social inclusion, and strengthening institutions and governance.

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 2016. The Committee has embarked on an active outreach effort with G20 countries as well as major economies in Southeast Asia, with modest but growing success. Contributing to trade-related discussions at the G20 and other relevant international fora (G7, APEC, ASEAN, etc.), through the timely use of the Committee’s evidence-based analysis and policy insights, remains a high priority.

Latvia became a full member of the OECD in July 2016. Also in 2016, the Trade Committee continued discussions on the draft Market Openness Reviews of Colombia, Costa Rica, and Lithuania. At the April 2016 Trade Committee meeting, Members considered Lithuania’s draft Formal Opinion and a revised Market Openness Review of Colombia. The Market Openness Review of Costa Rica was submitted for discussion at the April 2016 Trade Committee meeting, and the Formal Opinion of the Trade Committee on the Accession of Costa Rica was approved for adoption under written procedure in January.

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 OECD Southeast Asia Regional Forum 2016 on Boosting Productivity and Inclusiveness in Southeast Asia and the Second Steering Group Meeting of the OECD Southeast Asia Regional Programme took place in Hanoi, Vietnam in June 2016. The forum focused on raising productivity growth, integrating SMEs into global value chains, and promoting a more inclusive social agenda.

The OECD held a Global Forum on Trade in November 2016. The Forum focused on “International trade and investment: How to keep pace with new business models and the emerging digital economy?” The purpose of the forum was to identify ways the OECD can contribute to bolstering the role of trade in productivity improvement and growth, particularly in regard to regulatory coherence.

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 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, and financial markets. There are about 200 committees, working groups, and expert groups.

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 distorts trade, discourages foreign direct investment, and pushes 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, the United States has historically advocated against localization barriers and has encouraged trading partners to pursue instead policy approaches that help their economic growth and competitiveness without discriminating against imported goods or services.

In 2016, USTR worked 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. In 2017, the United States will seek to build on the APEC and OECD initiatives and take additional steps to continue to address localization barriers around the world.

F. Trade in Services Agreement

Twenty-three economies participated in negotiations on the Trade in Services Agreement (TiSA) in 2016: 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 held in Geneva, Switzerland, but there is no relationship between TiSA and the World Trade Organization.

Negotiations intensified during 2016, focusing on market access and the text of additional disciplines.