

IV. OTHER TRADE ACTIVITIES

A. Trade and the Environment

The Administration has enhanced work on environment and trade matters across multiple fronts, including through multilateral, regional, and bilateral trade initiatives. On the multilateral front, the United States has continued to be a global leader in seeking to discipline harmful fisheries subsidies and eliminate barriers to trade in environmental technologies and services, including clean energy technologies, through the WTO as part of the Doha Development Agenda (DDA) negotiations. During the course of 2009, the Administration increased focus on implementation efforts for the free trade agreements currently in force. Additionally, the Administration has broken new ground in actively engaging our trading partners to address illegal logging and associated trade and to identify the potential for a positive agenda in areas where international trade policy and efforts to address global climate change overlap. 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 is 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 climate-friendly technologies in order to build momentum for broader DDA negotiations on environmental goods and services and to facilitate concrete action on the trade and climate change front. In the Rules Negotiating Group, the United States continues to lead in pressing for 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 the implementation of various multilateral environmental agreements to help ensure compatibility between those activities and U.S. environment-related trade policy. Examples include implementation in respect of the Convention on International Trade in Endangered Species of Wild Fauna and Flora (CITES), the International Commission for the Conservation of Atlantic Tuna (ICCAT), the International Maritime Organization (IMO), 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 formulating and carrying out U.S. policy regarding activities conducted under the auspices of the United Nations Environment Program and the United Nations Framework Convention on Climate Change (UNFCCC). At the UNFCCC Conference of the Parties in Copenhagen, Denmark, USTR, together with other U.S. agencies, worked closely with other countries to ensure that any agreement on long term cooperative actions to combat climate change is consistent with existing international commitments on trade, including the protection of intellectual property rights.

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 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 revitalize this organization, particularly to strengthen the ICO's role in developing and implementing capacity building projects and in promoting the development and dissemination of innovations and best practices, such as in the area of finance.

2. Bilateral and Regional Activities

The environment chapters of the trade agreements with Peru, Colombia, Panama, and Korea include obligations to implement and enforce provisions in a number of multilateral environmental agreements, such as those covering trade in endangered species, conservation of marine resources, and wetlands protection. In addition, the environment chapter in the Peru Trade Promotion Agreement includes an annex on forest sector governance that will lead to substantial improvements in Peru's management of its biodiversity-rich tropical forest resources. The individual FTA sections of this report provide detailed descriptions of the specific activities under each environment chapter during the last year with particular emphasis on enhanced bilateral and regional engagement to monitor implementation of FTA environmental provisions.

The Administration was very active in 2009 in building on initiatives to address illegal logging and associated trade. USTR, joined by the State Department, led a broadly representative interagency delegation to the second meeting of the Bilateral Forum under a 2007 Memorandum of Understanding (MOU) between the United States and China on combating illegal logging and associated trade. This MOU establishes a framework for bilateral cooperation on combating illegal logging and associated trade, particularly with respect to goods traded by either country. As a result of this meeting, the United States and China agreed to undertake regular exchanges of trade data for forest products and to explore opportunities for public-private cooperation in promoting transparency and trade in legally-harvested forest products.

USTR also chairs a Working Group on Combating Illegal Logging and Associated Trade under the United States-Indonesia Trade and Investment Agreement. The Working Group was created by a first of its kind MOU with Indonesia that was concluded in 2006. In 2009, the Working Group met in May in Washington, DC and in September in Jakarta, Indonesia. During the course of the meeting in Jakarta, the United States and Indonesia considered a joint public report of the Working Group, the exchange of information on bilateral timber trade, and CITES implementation related to forest products. Additionally, USTR led a multi-agency workshop on amendments to the Lacey Act with participation by the Indonesian government, private sector, and civil society groups.

The Administration has taken important steps to build on the bilateral agreements with China and Indonesia in initiating a new Asia-Pacific Regional Dialogue to Promote Trade in Legally-Harvested Forest Products. A first meeting of the Regional Dialogue, co-chaired by the United States and Indonesia, took place in September in Jakarta and included participation by trade and forestry officials from Australia, Brunei, Malaysia, Papua New Guinea, Singapore, the Solomon Islands, and Vietnam. The Regional Dialogue illustrates the Administration's commitment to finding effective and creative solutions to trade-related environmental challenges. Future meetings of the Regional Dialogue will include additional countries in the region and will explore opportunities to exchange information and develop a common understanding of relevant issues, including collaborative, regional approaches to address them.

3. The North American Free Trade Agreement (NAFTA)

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 2009, 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 a letter from the FTC ministers to their CEC counterparts inviting enhanced cooperation between the bodies on trade and environment issues, and the FTC's creation of an *ad hoc* working group of senior officials, among other things, to explore ways to improve collaboration between the FTC and the CEC. USTR continues to work actively with EPA and other agencies in representing the United States in addressing North American trade and environmental issues, including under the NAFTA environmental side agreement—the North American Agreement on Environmental Cooperation (NAAEC)—and the border environmental infrastructure agreements. These agreements were designed to enhance the mutually supportive nature of expanded North American trade and environmental improvement.

At its 2009 annual meeting, the CEC Council discussed the implementation of the NAAEC. The Council agreed on a new policy direction for the CEC that is focused on the key environmental priorities of North America, in the context of increasingly liberalized trade and more integrated economies, and is positioned to deliver clear results. This new direction will focus on three priorities for the work of the CEC during the period 2010-2015: healthy communities and ecosystems; climate change and a low carbon economy; and greening the economy in North America. The Council also met with and obtained input from the public on various aspects of the CEC's program including its trade and environment component.

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 enhanced engagement with trade partners on addressing respect for labor rights and has increased monitoring and enforcement of free trade agreement (FTA) labor provisions. The Administration also has increased monitoring of adherence to the worker rights provisions in U.S. trade preference programs and dialogue on labor rights with key trading partners.

To assist workers who have been adversely affected by imports and jobs being moved overseas, President Obama signed into law the Trade and Globalization Adjustment Assistance Act of 2009 (TGAAA), as part of the American Recovery and Reinvestment Act of 2009. The TGAAA reauthorized Trade Adjustment Assistance (TAA) programs; expanded TAA coverage to more workers and firms, including workers and firms in the service sectors; made benefits available to workers whose jobs have been sent "off-shore" to another country (as opposed to covering a more limited set of shifts in production); improved workers' training options; and increased the affordability of health insurance coverage. (*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 ILO Secretariats. In 2009, the WTO and the ILO continued their collaboration on issues of common interest with the release in September of a joint study on *Globalization and Informal Jobs in Developing Countries*. The study is intended to promote a better understanding of the linkages between trade and employment in developing countries (<http://www.ilo.org/public/english/bureau/inst/download/globalinform.pdf>).

In the Asia Pacific Economic Cooperation (APEC) forum, the Administration has continued to promote the discussion of labor rights as one of the topics relevant to the efforts to strengthen regional economic

integration. In APEC, the United States continues to support model measures on labor that could be included in FTAs in the Asia-Pacific region and discussion of labor rights in studies of member economies' FTAs as part of overall efforts to promote the negotiation of high quality trade agreements by APEC member economies. *(For additional information, 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.

In October 2009, at the Sixteenth IACML, held in Buenos Aires, Argentina, the labor ministers unanimously adopted a Declaration that reaffirmed their obligations as members of the ILO and commitments to promote, respect, and realize the principles with respect to the fundamental labor rights contained in the ILO *Declaration on Fundamental Principles and Rights at Work*. The labor ministers recognized the positive contribution of trade to the promotion of growth, employment, and development and committed to continue to analyze the labor dimension of free trade agreements. The ministers also endorsed a Plan of Action that, among other things, establishes a working group chaired by the United States on "decent work to face the global economic crisis with social justice for a fair globalization." The working group's responsibilities include addressing the social dimension of globalization, regional integration processes, and FTAs.

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. USTR and DOL engage our FTA partners on labor issues as part of our ongoing dialogue on monitoring implementation of our agreements. *(For additional information, see Chapter III.A.)*

In consultation with USTR, the Office of Trade and Labor Affairs (OTLA) in the Bureau of International Labor Affairs (ILAB) of the U.S. Department of Labor 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 (NAALC), including the labor cooperation mechanisms. For additional information on OTLA and its procedures, visit:

<http://www.dol.gov/ILAB/programs/otla/index.htm>

<http://www.dol.gov/ilab/programs/otla/proceduralguidelines.htm>

In 2009, the Administration worked closely with the governments of Colombia and Panama to address outstanding labor concerns relating to those two countries. With respect to Colombia, the Administration worked to secure progress and a path forward on labor-related concerns. This consisted of engaging the government of Colombia on efforts to ensure that Colombia's labor law meets international standards and to address violence against trade unionists, including initiatives to bring the perpetrators to justice. With

respect to Panama, the Administration worked with that government to develop a strong package of labor reforms intended to clarify the application of labor law in Panama and the means for workers to assert their rights under the law. The Administration continues to work with Panama to implement these reforms.

b. Other Bilateral Agreements and Preference Programs

President Obama certified to Congress 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, a Better Work program operated by the ILO to assess compliance with core labor rights, and a mechanism to ensure that producers that wish to be eligible for duty-free treatment participate in the Better Work program.

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 (CBTPA), and the Generalized System of Preferences (GSP), require the application of workers rights statutory eligibility criteria. Four workers rights-related petitions remained under review as part of the 2009 GSP Annual Review process, three of which were filed in 2007 (Bangladesh, the Philippines, and Uzbekistan) and one of which was filed in 2006 (Niger). USTR and other U.S. Government officials engaged with these governments through U.S. embassies in those countries, their embassies in Washington, DC, and other bilateral fora to monitor progress and press for action to address the problems cited in the petitions. Review of whether these countries are meeting the GSP workers rights criteria will continue in 2010. An ATPA petition concerning workers rights in Ecuador was filed in 2005 and review of practices in that country continued in 2009. Additionally, the Administration continues to consider whether to accept for review GSP worker rights-related petitions filed in 2008 concerning Iraq and Sri Lanka. As part of that process, USTR and other U.S. Government agencies have engaged with the governments of Sri Lanka and Iraq to address the allegations.

In December 2009, the President approved reinstatement of GSP benefits for the Republic of the Maldives because of steps its government has taken to improve the legal framework to afford workers in the Maldives internationally recognized workers rights. The Maldives was removed from GSP eligibility in 1995 because of workers rights concerns. The Administration will continue to work closely with the Maldives through TIFA and other mechanisms to help ensure that the country's progress on the legal framework and its implementation continue.

A commitment by China for a dialogue on labor issues was included among the outcomes of the United States-China Strategic and Economic Dialogue. This provides an avenue for engagement with China on labor rights issues in connection with our trade and economic relationships.

In April 2009, the United States and Vietnam held a TIFA meeting and labor rights in Vietnam was one of the issues discussed. In particular, USTR sought progress by the government of Vietnam on providing freedom of association and collective bargaining rights in conformity with the workers rights requirements of the GSP.²⁹ In conjunction with this meeting, Vietnamese officials – including two directors-general from Vietnam's Ministry of Labor, Invalids and Social Affairs (MOLISA) – met with U.S. Department of Labor ILAB officials to discuss Vietnam's labor reform efforts and to plan for the next bilateral Labor Dialogue that will take place in 2010.

²⁹ Vietnam is seeking designation as a GSP beneficiary country.

Also in 2009, the United States engaged with several other countries on labor issues in the context of TIFA meetings and other bilateral trade mechanisms. Most notably, the United States discussed worker rights issues with Pakistan during a TIFA meeting in April, and with Afghanistan and Sri Lanka during TIFA meetings in October. The United States also raised labor issues with Ecuador during a meeting of the Trade and Investment Council in November.

In addition, the United States signed TIFAs with Angola and the Maldives, and a Trade and Investment Cooperation Forum agreement with Iceland in 2009, all of which contain commitments to promote respect for labor rights and to engage in discussions on trade and labor issues as part of ongoing dialogue under the agreements.

C. Small and Medium Sized Business Initiative

On October 5, 2009, Ambassador Ron Kirk announced a new USTR initiative aimed at increasing exports by small and medium-sized enterprises (SMEs) located in the United States. USTR launched this initiative as part of the President's strategy to transform the U.S. economy by rebalancing the path to economic growth.

A new focus on SMEs is seen as a critical component of stimulating job growth in the United States. Research shows that businesses engaged in trade increase employment faster, and pay better wages, than businesses purely serving domestic markets. There are more than 27 million SMEs in the United States, but currently only one percent of these companies export goods or services, and most of them only export to one country. If the United States can increase the number of SMEs that export, as well as the number of markets to which they export, it will support more employment growth.

USTR has taken several significant actions to support its SME objectives.

1. New AUSTR Designated for Small Business, Market Access, and Industrial Competitiveness

On January 21, 2010, Ambassador Ron Kirk designated James Sanford as Assistant United States Trade Representative for Small Business, Market Access, and Industrial Competitiveness. This new responsibility for small business issues enhances his existing responsibilities related to market access and industrial competitiveness issues, helps us coordinate our SME activities across the agency, and provides a USTR contact point for small businesses.

2. International Trade Commission Studies on SMEs

On October 5, 2009, Ambassador Ron Kirk requested the U.S. International Trade Commission to prepare a series of reports on U.S. SMEs in international trade in order to better understand SME performance and to help guide U.S. trade policy and trade promotion activities. These reports will provide:

- Review of the available data about SME exporting in regard to both goods and services, which was released on January 12, 2010. The full report can be found at <http://www.usitc.gov/publications/332/pub4125.pdf>;
- Comparison of U.S. SMEs with SMEs in other OECD countries, including the European Union, to benchmark our performance (due June 2010); and

- In-depth analysis of SME issues where available data are limited, especially in regard to service industries and to indirect exporting, i.e., SME inputs to exports of larger firms (due in late 2010).

3. SME Conference Hosted by Ambassador Ron Kirk

On January 21, 2010, Ambassador Ron Kirk hosted a conference titled “Jobs on Main Street, Customers Around the World: A Positive Trade Agenda for U.S. Small- and Medium-Sized Enterprises” at the Peterson Institute for International Economics in Washington, DC. Attended by over 200 participants, speakers at the conference included Administrator Karen G. Mills of the U.S. Small Business Administration, Deputy Secretary of Commerce Dennis Hightower, and Deputy U.S. Trade Representative Miriam Sapiro. The event featured three roundtable discussions with leaders of small businesses from around the country focused on trade opportunities and challenges confronting SMEs, including key constraints as well as possible Administration policy and trade promotion activities that could support increased export activity by SMEs. A video presentation of the conference’s speeches and discussions are available at <http://www.ustr.gov>.

4. Office Reviews of SME-Related Activities

Under the SME initiative, each office in USTR has been developing ideas and proposals on ways to enhance activities that could benefit SMEs, including a review of outreach strategies to ensure that USTR is receiving advice from a range of SMEs. Several key aspects of USTR’s trade policy agenda in particular have potential to help SMEs boost exports. These include enhancing trade facilitation work, strengthening and enforcing intellectual property rights, simplifying government procurement rules, 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.

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 we move forward with negotiations to expand U.S. trade in the Asia-Pacific through the Trans-Pacific Partnership, we will have a point person for SME issues, and we will consistently emphasize the needs of smaller businesses.
- As an APEC agenda priority, we are seeking to make it cheaper and easier for companies, and particularly small and medium-sized businesses, to trade in the region. We will be looking to increase activities in APEC that will help SMEs by seeking to rationalize complex and divergent trade rules, and reduce transaction costs.
- We are seeking to establish, where appropriate, free trade agreement (FTA) working groups on small and medium-sized enterprises to facilitate expanded SME trade opportunities under our FTAs.

D. Anti-Counterfeiting Trade Agreement

The United States is working to strengthen cooperation with its trading partners in the fight against counterfeiting and piracy. In October 2007, USTR announced an initiative, in partnership with several key trading partners, to fight counterfeiting and piracy by seeking to negotiate an Anti-Counterfeiting Trade Agreement (ACTA). The ACTA effort brings together a number of countries that are prepared to embrace strong intellectual property rights (IPR) enforcement in a leadership group to seek a new agreement calling for cooperation, strong enforcement practices, and a strong legal framework for IPR

enforcement. Participants so far have included Australia, Canada, the European Union (with its 27 Member States), Japan, Korea, Mexico, Morocco, New Zealand, Singapore, and Switzerland. In 2008, these participants engaged in four rounds of negotiations.

Following a review in early 2009, Ambassador Ron Kirk announced on June 12, 2009 that USTR would continue to participate in the negotiations. Two negotiating rounds in Rabat, Morocco and Seoul, Korea were held in 2009.

Additionally, during the review, USTR identified additional opportunities for ensuring meaningful input and keeping the public informed about the ACTA negotiations. Accordingly, in 2009, USTR took the following steps:

- established for the first time a dedicated ACTA web page on the USTR website;
- issued and updated the first public summary of issues under negotiation;
- took the new step of releasing agendas to the public on the ACTA web page before each meeting;
- broadened the group of experts from which USTR sought advice, including representatives of intellectual property rights holders, Internet intermediaries, NGOs, and others, about prospective U.S. positions on enforcement of intellectual property rights in the digital environment;
- consulted and shared relevant text with USTR Committees of Jurisdiction and the Judiciary Committees in both houses of the U.S. Congress concerning prospective positions; and
- strengthened educational efforts online with links on the ACTA web page to valuable and relevant portions of past agreements, for review by anyone who is interested in understanding the U.S. approach to possible legal framework provisions of the ACTA.

USTR also won an endorsement by ACTA partners at the Seoul Round in November 2009 of the need to provide the opportunity for the public to provide meaningful and timely input into the negotiations. This lays the groundwork for cooperative transparency efforts in 2010.

E. Import 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 Department of Health and Human Services and the 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 issues, such as new food safety legislation, pathogen reduction treatments, and facility inspection activities. The Food Safety Working Group is currently working on a series of initiatives to make the U.S. food supply even safer by further reducing *Salmonella* in eggs and poultry products and establishing a national traceback and response system to quickly identify sources of illness to protect consumers and help industry recover faster.

A predecessor to the Food Safety Working Group was a working group on Import Safety established by the Bush Administration. That working group, which included representatives from USTR and focused on food as well as other product safety concerns, conducted a comprehensive review of current practices. Based on that review and input from stakeholders and relevant federal agencies, the working group issued a Strategic Framework followed by an Action Plan that outlined 14 recommendations and 50 action steps to improve import safety. The Action Plan, the Strategic Framework, and a subsequent progress report can be accessed at <http://www.importsafety.gov>.

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. free trade agreements (FTAs) are chapters concerning SPS measures. Each SPS chapter has among its stated objectives the protection of human and animal 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 in countries such as Peru.

Work with U.S. trading partners continues outside of FTAs as well. Prior to the December 2007 meeting of the Strategic Economic Dialogue (SED) with China, USTR also contributed to the U.S. Department of Health and Human Services' efforts to conclude two memoranda of agreement (MOA) with China aimed at improving the safety of Chinese products exported to the United States. The MOAs adopted an innovative approach to improving the safety of products imported from China, including the use of foreign certification. High-level engagement by the United States in the food safety activities of the APEC Subcommittee on Standards and Conformance (SCSC) produced agreement on capacity building priorities to be addressed in the work of the APEC Food Safety Cooperation Forum Partnership (FSCF) Training Institute Network (PTIN). The FSCF PTIN is composed of leaders from government, the private sector and academia and serves as a network of food safety trainers in the APEC region. In 2010, the PTIN plans to develop food safety training modules and delivery mechanisms, hold several food safety workshops, and launch a website containing food safety training resources. The APEC SCSC also hosted a U.S.-led initiative to promote trade in safe toys in a regulator-to-regulator dialogue in August 2009 in Singapore and a conference of stakeholders and regulators at the Hong Kong International Toy Fair in January 2010.

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-one democracies in Europe, North America, South America, and the Pacific Rim comprise the Organization for Economic Cooperation and Development (OECD), established in 1961 and headquartered in Paris. The OECD member countries account for 72 percent of world gross national income, 60 percent of world trade, 95 percent of world official development assistance, over half of the world's energy consumption, and 18 percent of the world's population. The OECD is not just a grouping of economically significant nations, but also 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, though 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 OECD conducts wide-ranging outreach activities 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. The OECD carries out a number of regional and bilateral cooperation programs, such as the Middle East and North Africa (MENA) initiative.

The OECD is mainly funded by the member countries. National contributions to the annual budget are based on a formula related to the size of each member’s economy. The United States pays just under 25 percent of the OECD’s costs, but a historic deal was reached in 2008 on OECD finance reform, whereby the U.S. agreed to allow two percent annual growth in the OECD budget over the next decade in return for the smaller members significantly increasing their share of the OECD’s assessments. This finance reform will decrease the U.S. share of contributions from 24.975 percent to around 20 percent over a ten-year period. The overall budget for 2009 was projected to total 303 million euros (approximately \$443 million).

1. Trade Committee Work Program

In 2009, 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. Members asked the Secretariat to focus its analytical resources on four work streams: trade liberalization, trade in services, trade and domestic policies, 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 OECD analytical pieces related to trade were developed or completed in 2009. These include:

- OECD Economic Outlook No. 86, November 2009;
- OECD Statistics on International Trade in Services 2009, Volume I, detailed tables by service category;
- Aid for Trade at a Glance: Maintaining Momentum 2009;
- Assessing Barriers to Trade in Services in the MENA Region;
- Binding Constraints to Trade Expansion: Aid for Trade Objectives and Diagnostic Tools;

- Clarifying Trade Costs: Maritime Transport and its Effect on Agricultural Trade;
- Economic Impacts of the Phase-Out in 2005 of Quantitative Restrictions Under The Agreement on Textiles and Clothing;
- Globalization and Emerging Economies: Brazil, Russia, India, Indonesia, China and South Africa;
- India's Trade Integration, Realizing the Potential;
- Informal Cross-Border Trade and Trade Facilitation Reform in Sub-Saharan Africa;
- International Trade: Free, Fair and Open?;
- Overcoming Border Bottlenecks: The Costs and Benefits of Trade Facilitation;
- Price and Volume Elasticities of Brazilian Foreign Trade: A Profit Function Approach;
- Quantifying Regulatory Barriers to Services Trade;
- Role, Usage and Motivation for Contracting in Agriculture;
- South Africa's Trade and Growth;
- Trading Out of Poverty - How Aid for Trade Can Help;
- Trade Impacts of Selected Regional Trade Agreements in Agriculture; and
- Vertical Trade, Trade Costs and FDI.

The Trade Committee continued its work developing the first Services Trade Restrictiveness Index, a tool to measure the restrictiveness of regulations and other barriers affecting trade in services. During the year, the OECD collected data and examined barriers to trade in four sectors: computer services, professional services, telecommunications, and construction services.

A Global Forum on Trade and Climate Change in June 2009 in Paris provided an opportunity to present the results of analytical work prepared in the Joint Working Party on Trade and the Environment, as well as studies by the World Bank on trade and climate change. Its overall goal was to provide an opportunity for experts and policymakers to examine how trade policy and climate change policy can be mutually supportive, in concrete terms.

The Trade Committee, through its working party, and the OECD's Development Assistance Committee (DAC) are jointly helping to respond to the challenge of helping poorer developing countries benefit from the opportunities of the multilateral trading system. As part of the WTO Aid for Trade initiative, the OECD has been asked to track trade-related aid flows and assist in the effort to evaluate the effectiveness of these programs, both areas in which the DAC has particular expertise. The aim of the OECD's Aid for Trade work is to make aid for trade more effective by strengthening the integration of trade in development programs, developing impartial and reliable tools to assess aid-for-trade programs, and fostering dialogue and knowledge-sharing between stakeholders. Joint Trade Committee-DAC work contributed significantly to the WTO's Second Global Review of Aid for Trade (discussed in the WTO section of this report.)

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.

2. Dialogue with Non-OECD Members

The OECD continued its contacts with non-member countries to encourage the integration into the multilateral trade regime of developing and transition economies. Since 2007, the OECD has focused outreach on broadening membership to include five additional countries: Chile, Estonia, Israel, Russia, and Slovenia; and to enhance engagement with five important emerging economies: Brazil, China, India, Indonesia, and South Africa.

Chile completed its accession process in 2009 and became the 31st member of the OECD in January 2010. It is the first South American country to accede to the Organization. Estonia, Israel, and Slovenia are expected to complete the processes for their accessions sometime in 2010. Russia is in the early stages of accession. Enhanced Engagement is a commitment by the OECD to work closely with these important non-members in areas of mutual benefit. Enhanced Engagement may include elements of the following: committee participation, economic surveys, adherence to instruments, integration into the statistical reporting and information systems, sector-specific peer reviews, and other actions.

In 2009, the Trade Committee and its Working Party continued outreach to accession candidates and enhanced engagement partners and other interested non-members, encouraging non-member economies to be observers on an *ad hoc* basis when their participation could both benefit from, and contribute to, the Trade Committee's work.

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