United Nations Economic Commission for Latin America and the Caribbean

ECLAC WASHINGTON OFFICE

United States Trade Developments 2013-2014

Washington, D.C., December 2014

United Nations
Economic
Commission for
Latin America and
the Caribbean

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Abstract

United States Trade Developments, 2013-2014, provides an overview of the most relevant trade developments in the United States trade relations with Latin America and the Caribbean and the measures that inhibit the free flow of goods among countries in the Western Hemisphere.

The report presents trade figures and trends over the last few years to illustrate the nature of the U.S. engagement through trade with the world and with the Latin America and Caribbean region. Special emphasis was given to trade among the U.S., Canada, and Mexico on the 20th anniversary of the North American Free Trade Agreement, and to trade with Brazil, the second U.S .trade partner in the region, after Mexico.

Trade and investment continue to be at the center of the U.S. Administration's strategy to promote economic growth and create jobs. Four years after the National Export Initiative was launched in 2010 with the objective of increasing exports to strengthen the U.S. economy, support additional jobs, and foster long-term sustainable growth, a new phase was launched in 2014. This next phase of the National Export Initiative, NEI/NEXT, seeks to help broaden and deepen the U.S.'s exporter base, and help more U.S. businesses of all sizes export to more markets where 95 percent of potential customers live. It is estimated, however, that U.S. exports of all products will fall short of the goal of doubling exports by 2015. They totaled US$1.2 trillion in the first nine months of 2014, up 59% over the same period in 2009 according to Census Bureau data. Weak economic recovery in Europe and weak demand from Asia are partly responsible for this. New trade agreements with Asia-Pacific and the European Union already under negotiation could have a very positive result for the U.S. on this front. With respect to market access and trade inhibiting measures this year's report addresses antidumping and countervailing cases, selected trade dispute settlement cases and agricultural support programs.

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I. Introduction

United States Trade Developments, 2013-2014, provides an overview of the most relevant trade developments in the United States trade relations with Latin America and the Caribbean and the measures that inhibit the free flow of goods among countries in the Western Hemisphere.

Trade and investment continue to be at the center of the U.S. Administration's strategy to promote economic growth and create jobs. Four years after the *National Export Initiative* was launched in 2010 with the objective of increasing exports to strengthen the U.S. economy, support additional jobs, and foster long-term sustainable growth, a new phase was launched in 2014. This next phase of the *National Export Initiative*, NEI/NEXT, seeks to help broaden and deepen the U.S.'s exporter base, and help more U.S. businesses of all sizes export to more overseas markets where 95 percent of potential customers live. It is estimated, however, that U.S. exports of all products will fall short of the goal of doubling exports by 2015. They totaled US$1.2 trillion in the first nine months of the year, up 59% over the same period in 2009 according to Census Bureau data. Weak economic recovery in Europe and weak demand from Asia are partly responsible for this. New trade agreements with Asia-Pacific and the European Union already under negotiation could have a very positive result for the U.S. on this front.

On the other hand, exports of petroleum, coal and related items have tripled since 2009 since shale-extraction prompted U.S. energy output. Exports of petroleum, coal and related items totaled US$124 billion in the first nine months of 2014 even though the U.S. limits the shipments of crude and other energy exports. Demand for diesel and fuel oil has grown in Latin America and Canada.

On the trade negotiations front, in 2014 the U.S. maintained several rounds of negotiations with the EU to advance the Transatlantic Trade and Investment Partnership (T-TIP) that had been launched in 2013 to create a free trade zone between the two regions. Substantial progress has been made toward the conclusion of the Trans-Pacific Partnership (TPP)1 negotiations to secure a 21rst century, high-standard trade agreement in one of the most dynamic areas of the world. The TPP, a centerpiece of the U.S.'s

[1] Along with the U.S., the TPP include Australia, Brunei, Canada, Chile, Japan, Malaysia, Mexico, New Zealand, Peru, Singapore, and Vietnam.

attempt to rebalance foreign policy to Asia, would collectively account for 40% of global output and 30% of global trade.

Key to finalizing the agreement is a bilateral accord between Japan and US, the two biggest economies in the group. For Japan the TPP would be a historic decision to open the country's long-closed domestic markets. At the center of the bilateral negotiations are Japan's high tariffs on five groups of agricultural products (rice, wheat and barley, beef, pork, and dairy and its non-tariff barriers against U.S. autos (regulations). The trial solutions for resolving sensitive issues, the so called landing zones, have been identified and negotiations could be near conclusion for the TPP. The challenge for the U.S. is to conclude an agreement that fulfills the promise of high ambition yet allows each economy to cope with political sensitivities. In addition, the negotiating team needs to find a way to accelerate engagement with the U.S. Congress. Concluding TPP in the absence of Trade Promotion Authority (TPA)[2] is a high-risk tactic. If the administration signs TPP without an advance agreement with Congress, they may withhold their vote and the consequences could be cumbersome and costly.

Negotiations on the Transatlantic Trade and Investment Partnership (TTIP), which aims to create a free trade zone between the United States and the European Union, are in their second year and sixth round of negotiations. The regulatory agenda of the TTIP is viewed as the main area of the agreement and among the most contentious. In terms of regulatory coherence, the United States seeks to increase the involvement of stakeholders in the process of drafting regulations in the European Union. The EU seeks to avoid conflicts between the two regulatory systems, and stakeholders could participate in the regulatory process, although subject to the respective legal and institutional frameworks (World Trade Online, 2014d), a lesser degree of participation than that sought by the United States. Sectors under discussion for regulatory cooperation include cars, chemicals, pharmaceuticals, medical devices, cosmetics, engineering, textiles, information and communication technologies (ICT), and pesticides. In areas like medical devices and pharmaceuticals, mutual recognition of existing regulations could emerge.

The two sides are also at odds over whether financial services regulation should be addressed under the bilateral pact. The latter has been a key demand by EU, which argues that having a regulatory framework in this area will facilitate bilateral cooperation in preventing future financial crises. The U.S., on the other hand, has maintained that this subject is already being addressed in various other forums.

Whether or not to include a chapter on energy in the trade pact – rather than just addressing specific energy issues in other related parts of the agreement – remains undecided. The EU is seeking further its independence from Russian energy sources through a more comprehensive agreement with the U.S. in this matter.

Investment protection and investor-state dispute settlement (ISDS) is another controversial issue. Those opposing its inclusion argue that such a provision could put domestic public policy regulations at the mercy of international arbitration tribunals. Supporters, however, disagree considering that ISDS would help protect investors against unfair expropriation or discrimination abroad.

Another area in which the European Union and the United States broadly differ is that of personal data protection with the EU seeking strict limitations on when firms can collect information on consumers and the responsibilities of third parties should they have obtained access to these data and the U.S. maintaining a position favorable to the free flow of data.

At the global level, in December 2013, the first new multilateral trade agreement since the creation of the WTO in 1995 was concluded: the Trade Facilitation Agreement. The goal of this agreement is ”to expedite movement, release and clearance of goods, improve cooperation on customs matters, and help developing countries fully implement the obligations that will result in significantly reducing customs barriers across the world”(TPA, 2014). Implementation of this agreement has been blocked by India over a disagreement of how to deal with India's' food stockholding security initiative.

[2] TPA is the tool that the U.S. Congress has to update and assert its role in trade policy, to guide current and future negotiations, and to ensure the completion of trade agreements.

India seeks assurances of protection from a legal challenge under the WTO Agriculture Agreement for breaching its limit of trade-distorting subsidies due to its public stockholding programs. The U.S. and India have reached an agreement on this issue that is expected to enable the implementation of the multilateral Bali agreement for 2015.

At the regional level, in 2014, the North American Free Trade Agreement between the U.S., Canada and Mexico (NAFTA) turned 20 years of implementation. NAFTA took effect on January 1, 1994 to advance market access of goods and services among its member countries, promote cross-border investment though commercial law disciplines, and set standards for intellectual property rights. NAFTA was the first comprehensive free trade agreement (FTA) between developed and developing countries, and has since served as a template for all subsequent trade negotiations the U.S. has been involved in because of the breadth and depth achieved (Carla Hills, 2014). Later, the U.S. pursued trade and investment agreements in the Latin America and Caribbean region on a sub regional and bilateral level: a sub-regional FTA with Central America and the Dominican Republic, bilateral agreements with Chile, Colombia, Panama, and Peru; and a bilateral investment agreement with Uruguay. NAFTA has made significant strides in expanding trade and investment among the three member countries and integrating the three economies through value chains. North America is now the market for more than 80% of Mexico's exports, 75% of Canada's exports, and 31% of U.S. exports (Dawson et al, 2014).

The Administration is also deepening, seeking and exploring trade-enhancing investment measures to attract industries and jobs to the U.S. The U.S. has been seeking a Bilateral Investment Treatment (BIT) with China, India and Mauritius and exploring possible BITs with Cambodia, Gabon, Ghana, and Russia, and a Regional Investment Agreement with East African countries.

In the first section after this introduction, the report presents trade figures and trends over the last few years to illustrate the nature of the U.S. engagement with the world and with the Latin America and Caribbean region.Special emphais was given to trade among the U.S., Canada, and Mexico on the 20th anniversary of the North American Free Trade Agrreement, and to trade with Brazil, the second U.S.trade partner in the region, after Mexico. The following section reviews U.S. foreign direct investment with the region. The next section presents a brief discussion of the 2014 Agriculture Act that was signed into law in February 2014, trade in organic agricultural products and a subsection that presents the results of a recent poll on attitudes towards trade. Section five discusses trade inhibiting measures.

II. Trade Highlights

A. Export performance

Since 2009, U.S. exports were up 44% from US$1.6 billion in 2009 to US$2.3 billion in 2013. Exports of goods grew by almost 49%, while exports of services rose by 34%. Since the end of 2009, export growth averaged 10%, with growth in the exports of goods averaging 10.4% and growth in the export of services averaging 7.6%. Compared to the previous five-year period from 2004-2008, U.S. agricultural exports from 2009-2013 increased by nearly $230 billion, the strongest five-year period in the U.S.'s history for agricultural products (USDA, 2013)

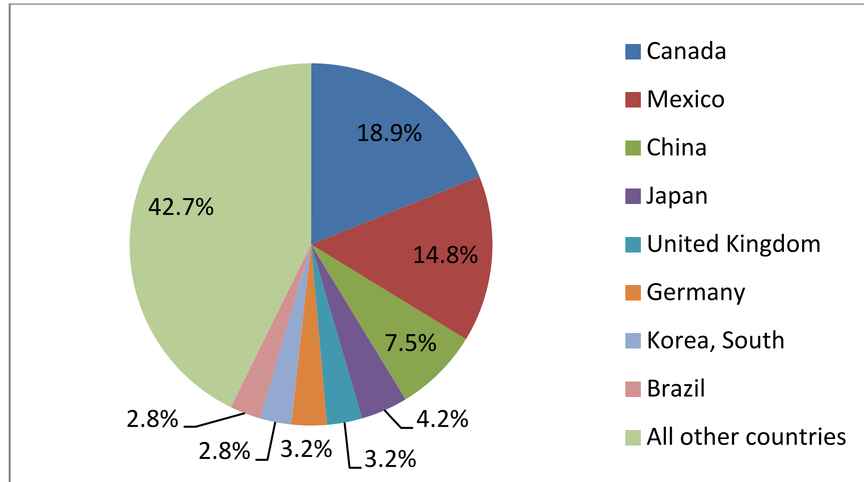
TABLE II.A.1
U.S. EXPORTS OF GOODS AND SERVICES, 2010-2013
(billion dollars)

	Goods	Services	Total
2009	1 070.3	512.7	1 583.0
2010	1 290.3	563.3	1 853.6
2011	1 499.2	627.8	2 127.0
2012	1 561.7	654.9	2 216.5
2013	1 592.8	687.4	2 280.2

Source: U.S.Bureau of Economic Analysis, "Table 1. U.S. International Transactions"

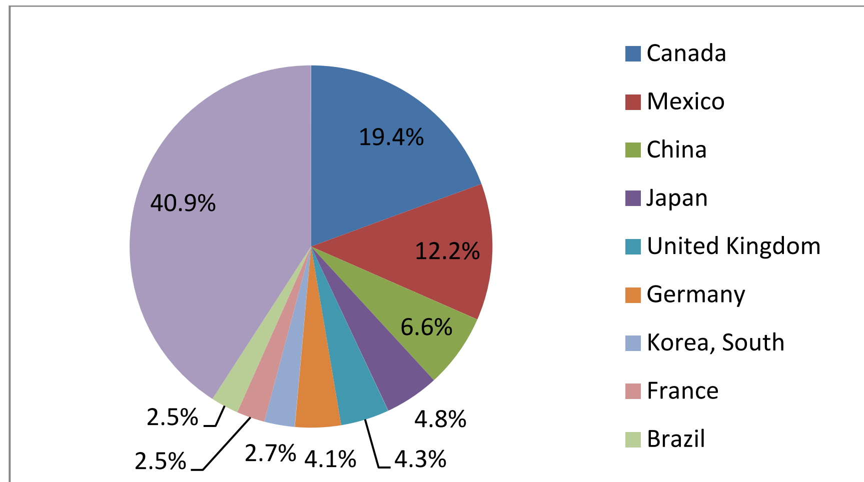
In the first half of 2014, Canada and Mexico accounted for more than a third of the U.S. exports of goods. Canada was the top export market for goods in 2014, at US$152 billion, followed by Mexico (US$120 billion), China (US$60billion), Japan (US$34 billion), and the U.K. (US$ 25 billion), a structure of exports markets that has remained the same since 2009.

FIGURE II.A.1
U.S. EXPORTS OF GOODS: TOP DESTINATIONS, 2013
(as a share of total exports of goods)



Source: ECLAC on the basis of U.S. Census Bureau, Foreign Trade Division

FIGURE II.A.2
U.S. EXPORTS OF GOODS: TOP DESTINATIONS, 2009
(as a share of total exports of goods)



Source: ECLAC on the basis of U.S. Census Bureau, Foreign Trade Division

B. U.S. trade with North America

Over the last two decades, U.S. trade with the North American region grew significantly more than with the world as a whole (Table II.C.1), driven mainly by trade with Mexico since U.S. and Canada were already fairly open to bilateral trade when the FTA was signed. While U.S. exports of goods to the world increased by 170%, exports to Mexico increased by 454% and to Canada by 200%. At the same time, imports of goods from the world increased by 194% while imports from Mexico rose three times more (610%). Moreover, U.S. imports from Canada contain on average 25% of U.S. inputs and U.S. imports from Mexico contain 40% of U.S. imports (Hufbauer, et al., 2014). Smaller enterprises benefit

particularly form Mexico's proximity to U.S. and the preferential treatment granted by NAFTA: almost 11% of the exports of U.S. smaller and medium enterprises go to Mexico.

TABLE II.C.1
U.S.TRADE IN GOODS WITH CANADA AND MEXICO
(billion dollars)

	1993		2013		% Change	
	Imports	Exports	Imports	Exports	Imports	Exports
Canada	113	101	338	302	199	199
Mexico	40.4	41	287	227	610	454
World	779	589	2294	1590	194	170

Source: U.S. Bureau of Economic Analysis

TABLE II.C.2
U.S.TRADE IN SERVICES WITH CANADA AND MEXICO
(billion dollars)

	1993		2013		% Change	
	Imports	Exports	Imports	Exports	Imports	Exports
Canada	9	17	30	64	233	276
Mexico	8	11	17	29	113	164
World	124	186	428	660	245	255

Source: U.S. Bureau of Economic Analysis

Trade in services with the region also expanded although trailing behind trade with the world.

Cross-border investment among NAFTA member countries also soared. In the years since NAFTA entered into force, Canada has invested about US$200billion in the U.S., making it U.S.'s fifth largest investor, and Mexico has also increased investment in the U.S. in sectors as diverse as cement, bread, diary, and retail. U.S. investment in Canada is at US$ 310 billion and is Canada's largest investor. U.S. investment in Mexico has also significantly increased in the manufacturing sector, auto sector in particular (Carla Hills, 2014).

NAFTA countries have progressed towards horizontally integrated, cross-border supply chains that benefit from the complementary advantages of each trading partner. Exports from one NAFTA country to the rest of the world are likely to include a high percentage of value-added from the other two countries.

Contributing to prospects of greater competitiveness of the NAFTA countries is North America's energy security. Thanks to the natural hydroelectric resources and oil sands of Canada, oil and gas reserves of the Gulf of Mexico and the shale gas revolution in the United Sates energy security seems to be guaranteed for the foreseeable future. The shale gas revolution has lowered the cost of gas and electricity generation, significantly. Investment in energy infrastructure seems to be a helpful way to create an integrated energy market in the region.

Despite this significant impact in trade and investment, NAFTA's challenge is to grow deeper and beyond to create an integrated North America market. Even though member countries are each other largest trading partners, few of the NAFTA's original provisions have been upgraded to cover new economic developments such as electronic commerce, investment by state-owned enterprises, sub-federal government procurement and energy trade.

Looking forward, a well-functioning NAFTA should facilitate the movement of goods, services, people and ideas and help create economies of scale in high-value added and knowledge-intensive supply chains. This is of particular importance for small and medium enterprises to enter export markets.

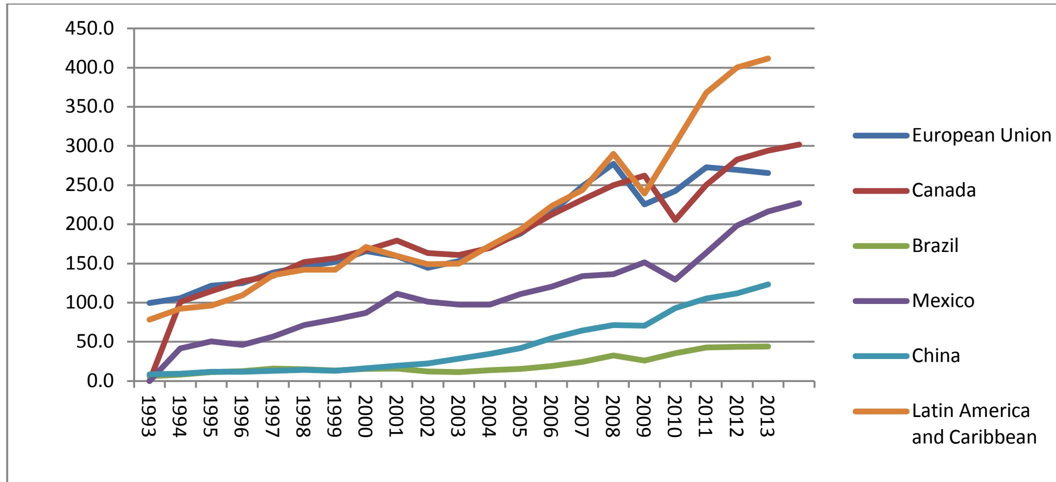
The first step in enhancing competitiveness in the region lays on finding greatest efficiencies on the agreement already in place. In this regard, there is still a long way to go with respect to trucking regulations, intellectual property protections, costums and regulatory harmonization and border infrastructure.

None of these issues are easy to solve, and many experts think that the most likely path to update and improve NAFTA is through the Trans Pacific Partnership negotiations (TPP). For instance, with respect to rules of origin, establishing a North American content rule in negotiations with third parties would greatly enhance regional competitiveness since the U.S., Canada, and Mexico not only trade with each other but also manufacture together in integrated supply chains. Another path that has been suggested to enhancing the region competitiveness is by incorporating Canada and Mexico in the T-TIP negotiations. Since Mexico has a FTA with the European Union since 2000, and Canada since October 2013, not entering T-TIP as a region would mean three separate agreements with different rules of origin and custom measures, effectively eroding the efficiencies gained from NAFTA.

C. Trade with Latin America and the Caribbean

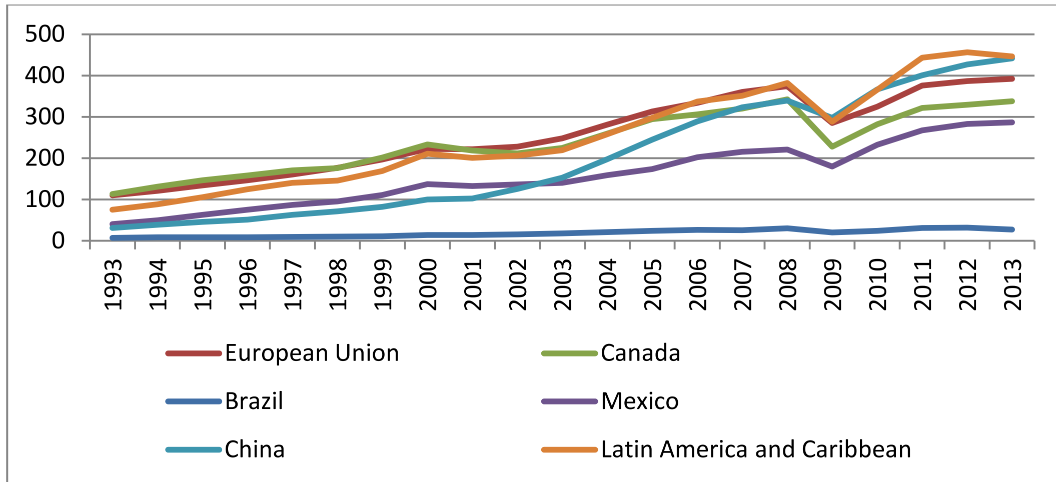
Over the last two decades, U.S. trade in goods with Latin America and the Caribbean has been increasing significantly. In fact, U.S. exports to the region had been growing at about the same pace as those to the European Union and Canada up until the Great Recession. Since then, they recovered much faster than those to the rest of the top trading partners (Figure II.B.1). The same is true of U.S. imports, although in this case they have suffered a slowdown in the last couple of years.

FIGURE II.B. 1
U.S. EXPORTS OF GOODS
(billion dollars)



Source: Bureau of Economic Analysis, U.S. International Transactions Accounts

FIGURE II.B.2
U.S. IMPORTS OF GOODS
(billion dollars)



Source: Bureau of Economic Analysis, U.S. International Transactions Accounts

Most of this trend is explained by trade with Mexico with whom the U.S. has a free trade agreement in place since 1994. The next subsection highlights some of NAFTA developments and challenges that lie ahead.

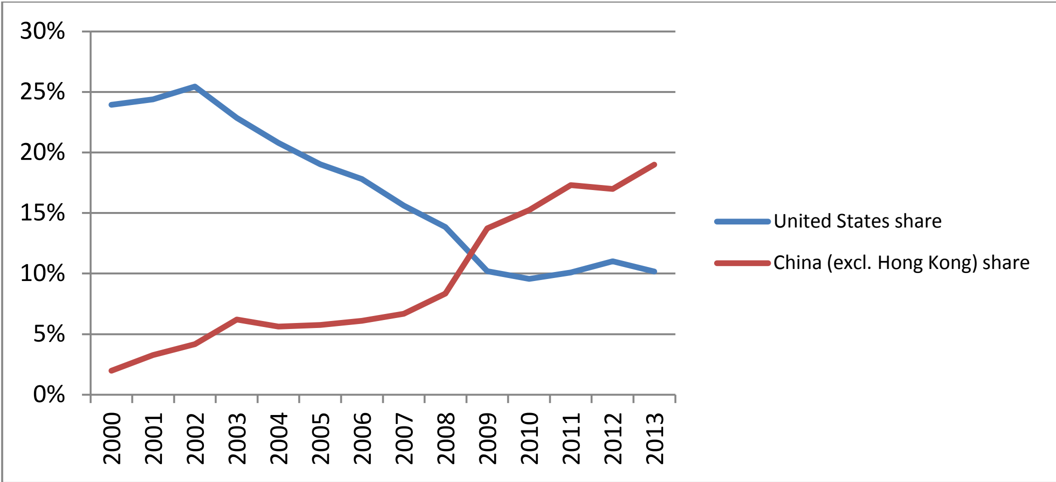
D. U.S. trade with Brazil

In Latin America and the Caribbean, the second trade partner to the United States is Brazil who ranks 8th among U.S.'s top trade partners, up one place since 2009. For Brazil, U.S. has been the top trading partner up until 2008 when it was surpassed by China(Figure II.D.1). While in 2001 the U.S. accounted

for over 25% of Brazilian exports, this share was just over 10% in 2013. Brazilian imports from the U.S. and from China are now nearly equally large.

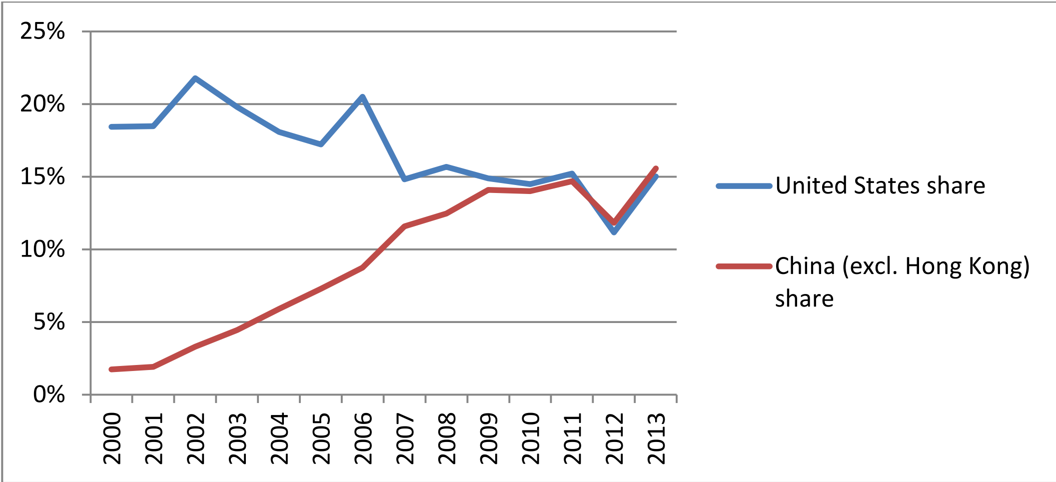
This section highlights some aspects of the trade and investment relationship between the U.S. and Brazil.

FIGURE II.D.1
BRAZIL EXPORTS TO THE U.S. AND CHINA
(percent of total Brazilian exports)



Source: Ministerio de Desenvolvimiento, Industria y Comercio Exterior

FIGURE II.D.2
BRAZIL IMPORTS FROM THE U.S. AND CHINA
(percent of total Brazilian imports)



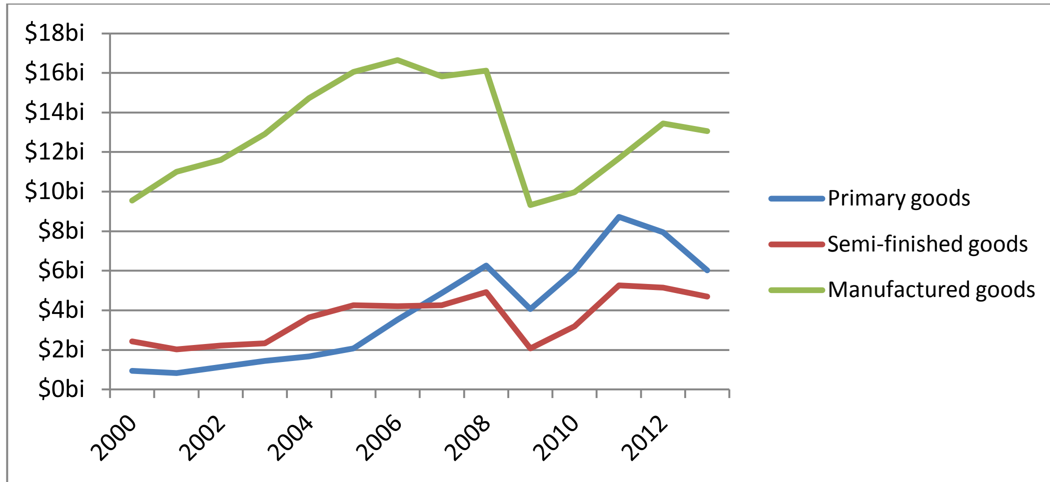
Source: Ministerio de Desenvolvimiento, Industria y Comercio

Like trade with the rest of the region, U.S.-Brazil trade suffered a deep slump in the wake of the global economic crisis, but quickly recovered afterwards even surpassing the pre-crisis levels. In 2013 total trade in goods reached US$ 60 billion, more than the pre-crisis peak of US$ 40 billion in 2007.

The U.S.-Brazil Agreement on Trade and Economic Cooperation, signed in March 2011, sought to promote two way trade and investment with Brazil. In addition, until 2013, the equivalent of 7% of all Brazilian exports to the U.S. benefitted from a non-reciprocal duty-free treatment applied to certain product categories from designated developing countries (General System of Preferences, GSP). But authorization expired on 31 July 2013 and has not yet been renewed by the U.S. Congress. Even if GSP is renewed, it remains to be seen whether Brazil will continue to be included. The U.S. might follow the example of the EU, which as of 2014 classifies Brazil as a middle-income country and thereby removed it from its generalized system of preferences.

Brazil's exports to the U.S. have been dominated for many years by manufactured goods. This has been driven by the high level of trade between U.S. firms and their subsidiaries in Brazil (Vigevani, 2011). More recently, both the overall trade balance as well as the composition of the U.S.-Brazil trade has undergone important changes. Brazil's exports of manufactured goods to the U.S. began stagnating in 2005, and have barely recovered half of the losses they subsequently experienced in 2009 after the global financial crisis. Commodity exports, formerly responsible for a negligible share of their trade, rose significantly until 2011 as a share of total Brazilian exports to the U.S. Since then, they suffered from the reduction in exports of crude oil, which in 2012 had generated a fifth of total export revenues with the United States.

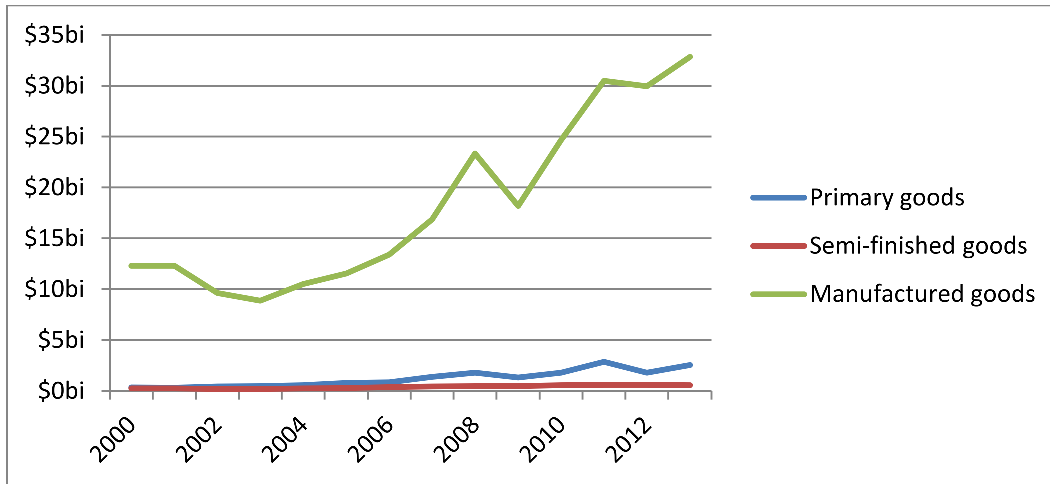
FIGURE II.D.3
BRAZILIAN EXPORTS TO THE US
(billion dollars)



Source: Ministerio de Desenvolvimento, Industria e Comercio Exterior

Yet while Brazilian exports to the United States have been slowing down, Brazilian imports from the U.S. have grown at high speed for a decade, rising by 105% between 2004 and 2013, compared to 68% with the rest of the world. The rise in U.S. exports to Brazil came almost entirely from rising sales of manufactured goods.

FIGURE II.D.4
BRAZILIAN IMPORTS FROM THE U.S.
(billion dollars)

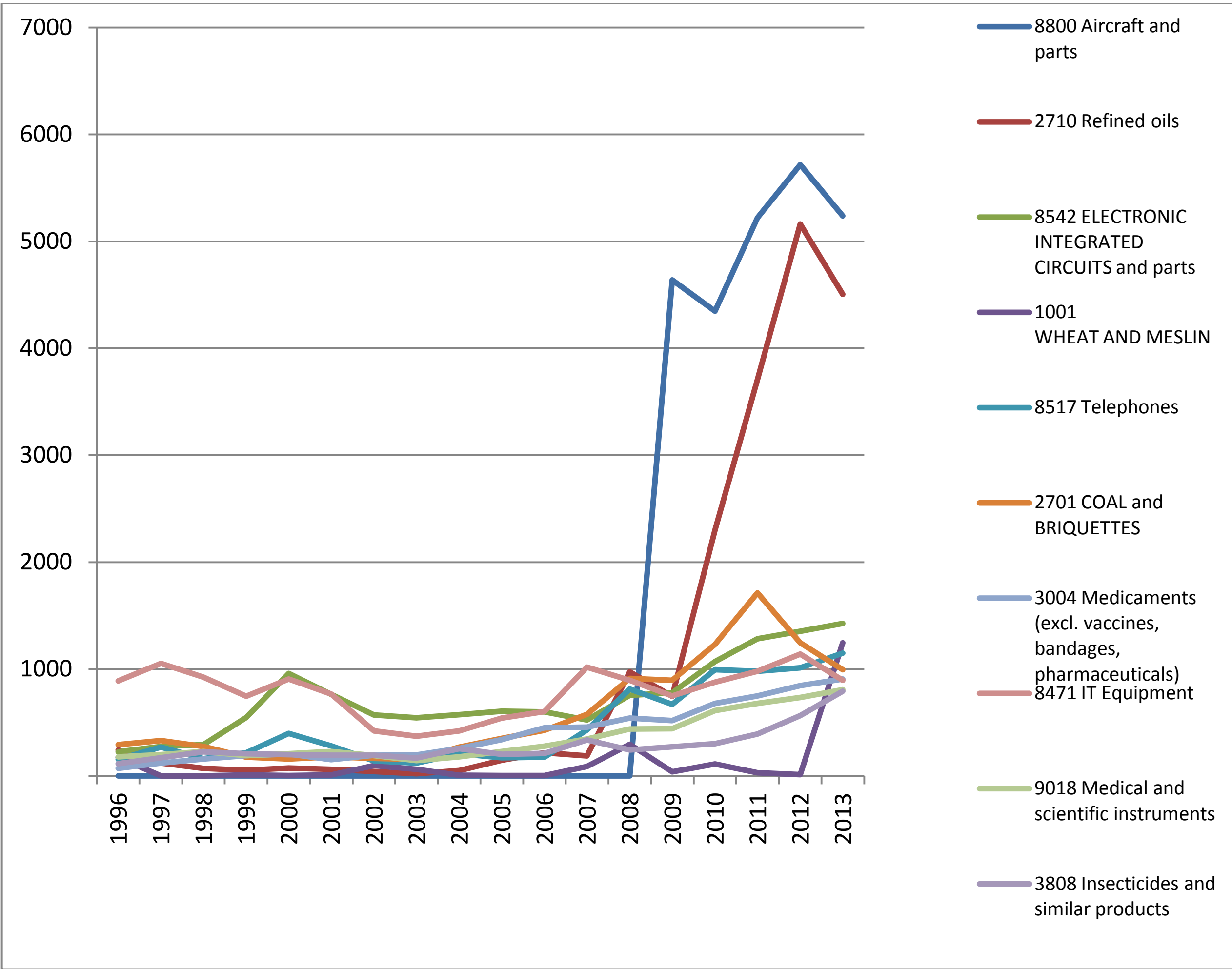


Source: Ministerio de Desenvolvimento, Industia, e Comercio Exterior

A closer look at U.S.-Brazil trade flow shows that oil and aircrafts top the list of traded goods between them. Brazil's recent domestic air travel boom explains the Brazilian demand for large U.S. airplanes. Furthermore, Brazil imports parts needed for its own aircraft production. Conversely, Brazil's Embraer exports smaller planes as well as some military planes to the U.S.

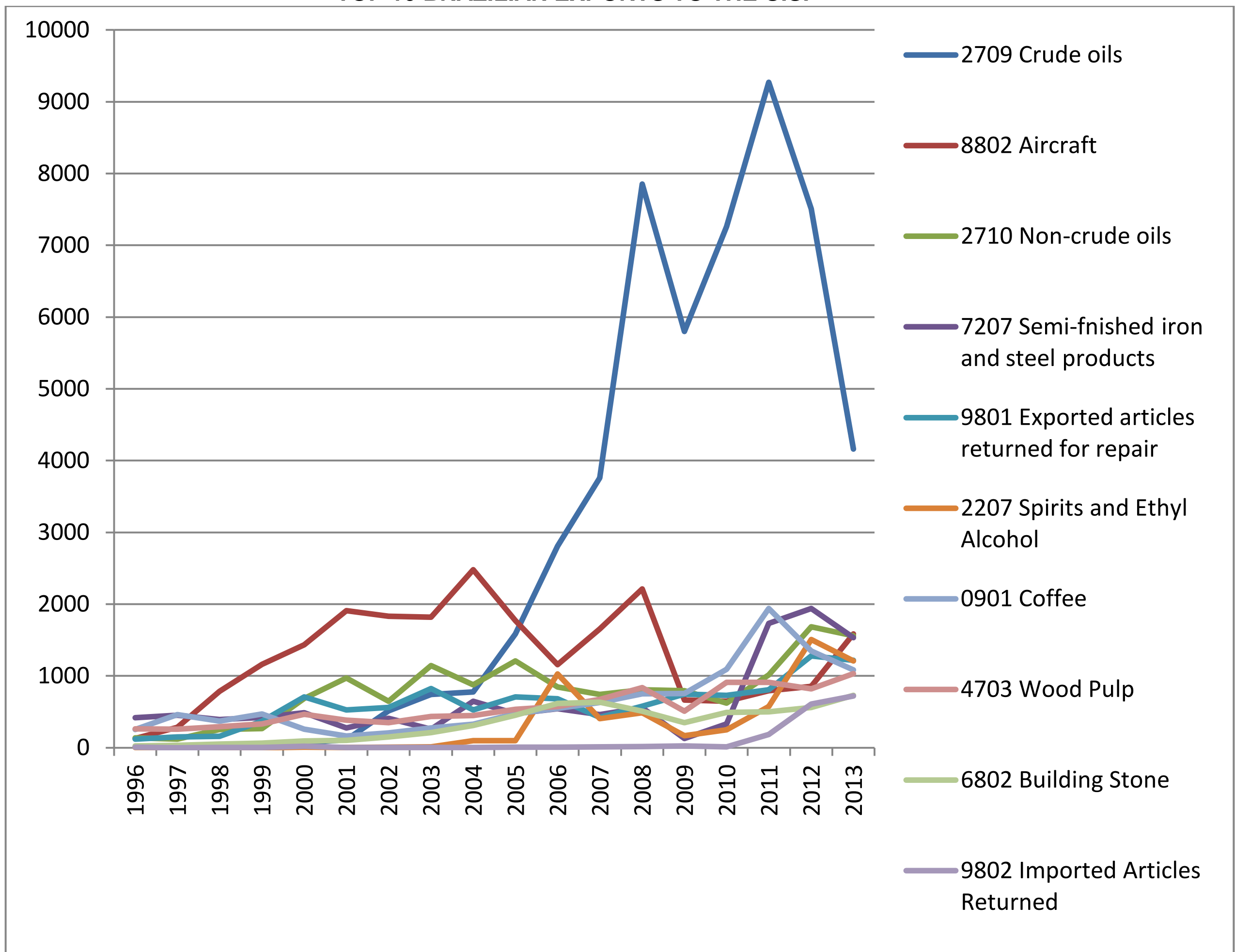
Since 2005, crude oil has figured as Brazil's largest export good to the U.S. in value, accounting for over US$ 9 billion in 2010. In fact, oil exports are responsible for a large share of the Brazil's rising commodity exports to the United States. The value of oil exports to the U.S. has halved since its peak in 2010, partly a reflection of the real's depreciation against the dollar, partly a consequence of reduced drilling in Brazil. U.S. demand for Brazilian oil may also have suffered from the growing U.S. shale oil production. Although Brazilian sales of oil to the U.S. dropped by 40.2%, crude oil still represented 12.5% of exports to the U.S. in January to March 2014 and thus figures the largest Brazilian export item.

FIGURE II.D.5
TOP 10 U.S.EXPORTS TO BRAZIL
(million dollars)



Source: Based on data from U.S. Department of Commerce and U.S. International Trade Commission

FIGURE II.D.6
TOP 10 BRAZILIAN EXPORTS TO THE U.S.

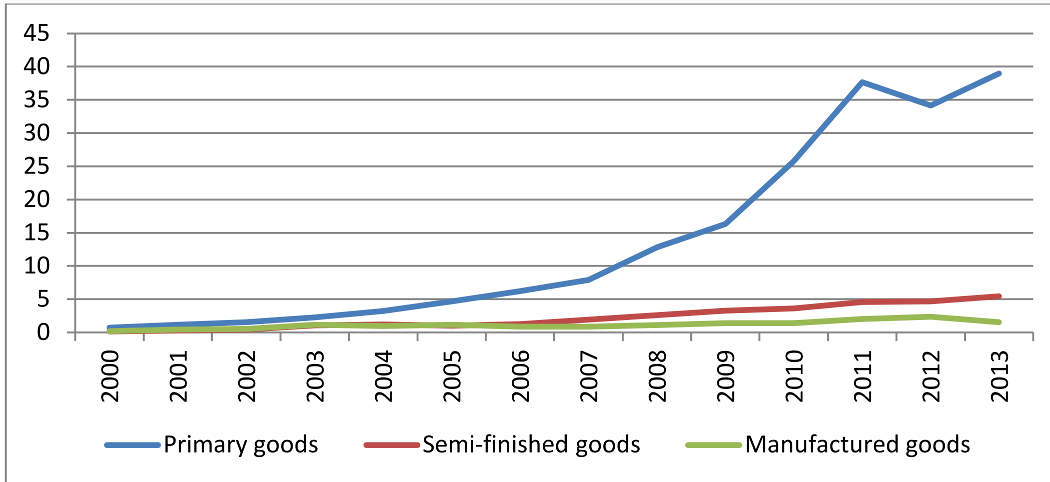


Source: Based on data from U.S. Department of Commerce and U.S. International Trade Commission

In the same period that Brazilian oil exports have surged, oil imports from the U.S. have risen spectacularly as well. But while Brazil exports crude oil, it is refined petrol, kerosene, and motor oils that it imports. This is dues to a lack of refinery capacities in Brazil. The situation is thus unlikely to change until a large new refinery is opening in 2017 (Meyer, 2014).

As shown in the following figure, Brazil exports to China have been increasingly concentrated in primary products.

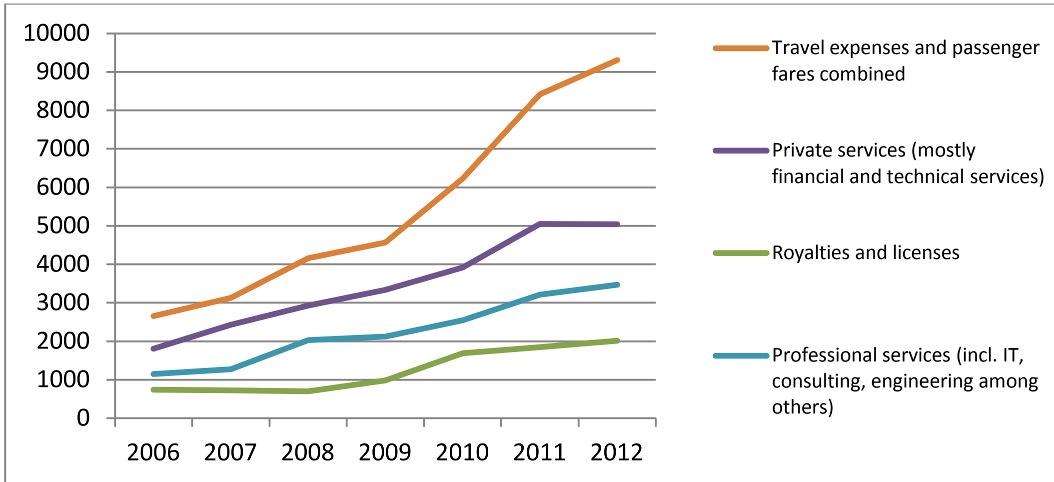
FIGURE II.D.7
BRAZIL EXPORTS TO CHINA
(billion dollars)



Source: Banco de Desenvolvimento, Industria, e Comercio Exterior

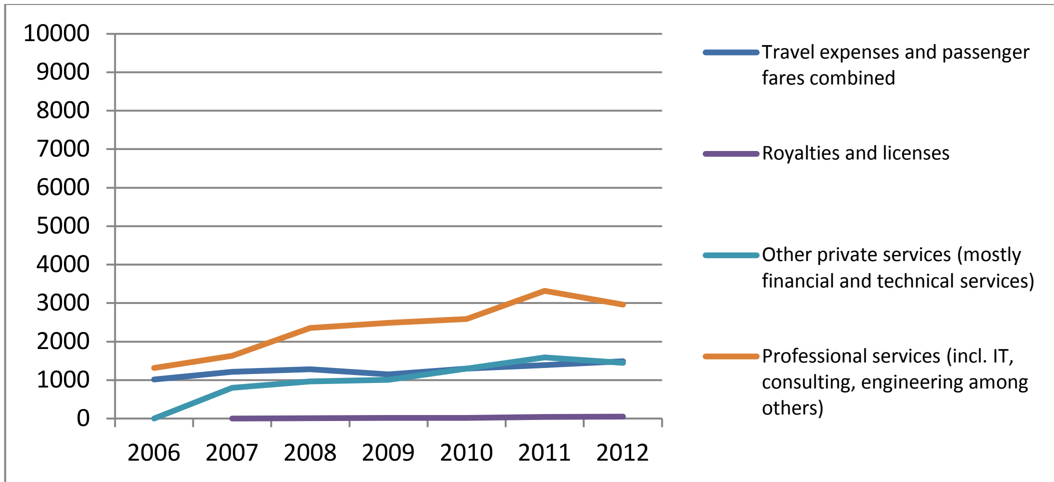
Although goods still dominate bilateral trade, the exchange of cross-border services has grown, too. Here again, U.S. exports to Brazil have risen faster than vice versa, particularly in the travel sector. Although other private services as well as royalties and professional services have also grown strongly, travel expenses (including passenger fares for U.S. airlines) have increased by more than US$ 6 billion to over US$ 9 billion between 2006 and 2012. It is hardly surprising that Brazilian trips to the U.S. should have increased in the years when the real was comparatively strong against the dollar. Yet even though growth slowed down more recently, travel-related expenses by Brazilians in the U.S. continued to rise through 2012. On the Brazilian side, travel-related services only account for about US$ 1.5 billion per year and have been mostly flat for years.

FIGURE II.D.8
U.S SERVICE EXPORTS TO BRAZIL (CROSS-BORDER)
(million dollars)



Source: U.S. Bureau of Economic Analysis

FIGURE II.D.9
BRAZILIAN SERVICE EXPORTS TO THE U.S. (CROSS-BORDER)
(million dollars)



Source: U.S. Bureau of Economic Analysis

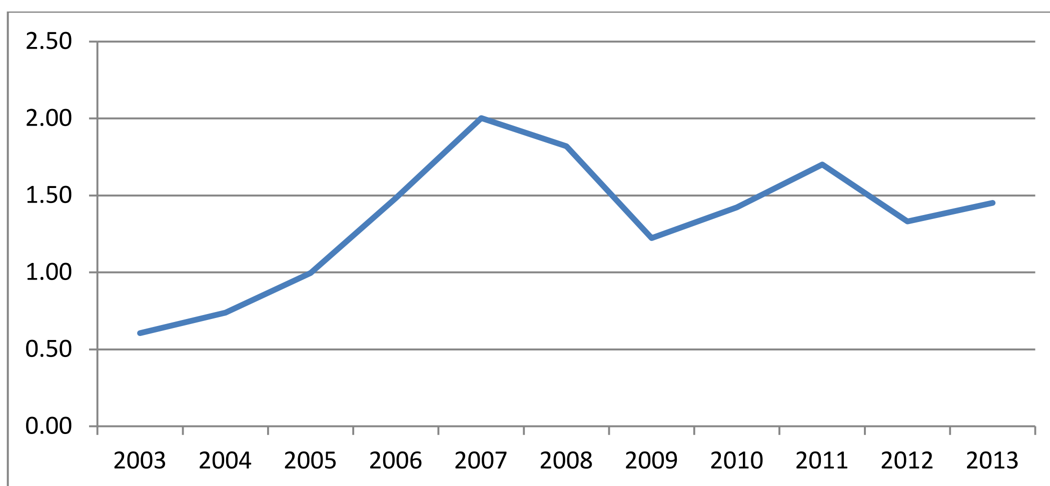
III. Foreign Direct Investment

In addition to the above mentioned trade-enhancing measures such as the National Export Initiative and trade negotiations at the global and regional level, the U.S. maintains and seeks investment opportunities with different countries and regions.

A. Foreign Direct Investment Highlights

After reaching an all-time high of US$2 trillion in 2007, when the global economy was growing at 3.9%, world FDI flows dropped to US$1.8 trillion in 2008 and to $1.2 trillion in 2009 during the financial crisis. As the global economy slowly recovered, so did FDI flows albeit modestly, to US$1.7 trillion in 2011. In 2012, however, global FDI dropped to US$1.3 trillion as the ongoing effects of the economic crises continued to have an impact, and rose discreetly to US$1.4 trillion in 2013 (Figure III.A.1).

FIGURE III.A.1
WORLD FDI FLOWS, 2003-2013
(in trillion dollars)



Source: UNCTAD statistics

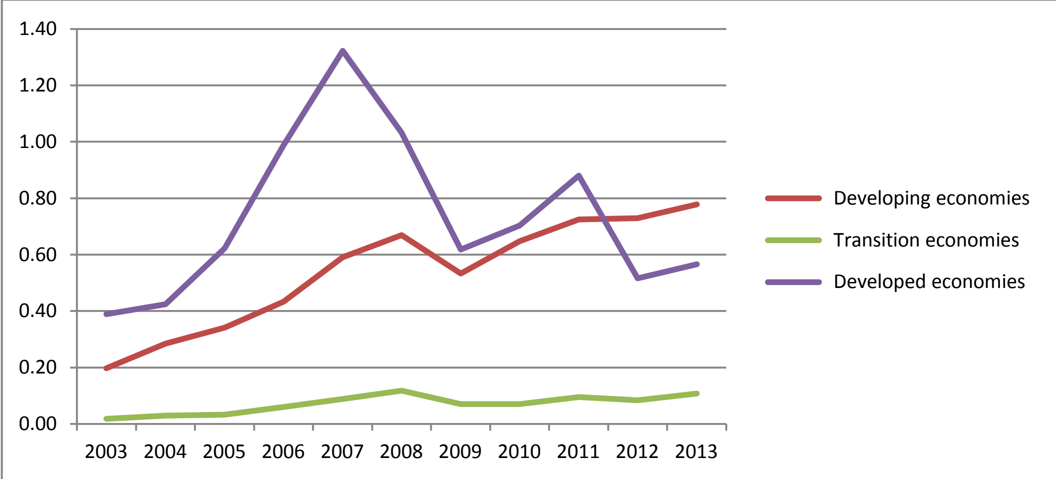
Compounding this set back was the enactment of a more restrictive regulatory environment for FDI in general. For example, in 2012, the last year measured, a quarter of all changes in national investment policies were focused on restricting or regulating investments rather than promoting them (UNCTAD, 2014). This represents a pronounced increased from 2000, for example, when only 6 percent of legislation supported increased regulation.

Antitrust rulings, national security concerns, or political opposition has also hindered cross-border mergers and acquisitions (M&A) transactions. According to UNCTAD, the total gross value of the 21 largest cross-border M&A deals was just $265billion between 2008 and 2012. Primary industries are the most affected, but financial services and telecommunications are also suffering from this more difficult investment environment.

Traditionally, most FDI flows went to developed economies (Figure III.A.2). However, since 2011 flows to developing economies exceed those to developed economies. In fact, flows to developing economies did not experience the sharp drop in FDI inflows observed in developed countries during the

Great Recession of 2008-2009. Developing countries showed more resilience during the time of crisis and contributed to world growth more than their developed counterparts which could be explaining the diverging trend in FDI flows.

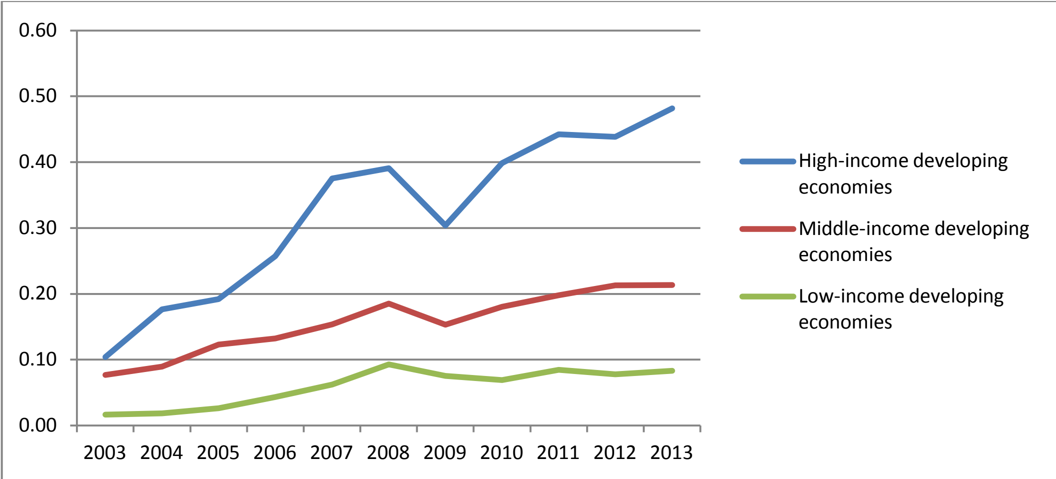
FIGURE III.A.2
FDI INFLOWS BY LEVEL OF ECONOMIC DEVELOPMENT OF THE RECIPIENT COUNTRY, 2003-2013
(trillion dollars)



Source: ECLAC elaboration on the basis of UNCTAD statistics

Among developing countries, most FDI flows go to high-income economies, followed by far by middle-income countries.

FIGURE III.A.3
FDI INFLOWS TO DEVELOPING ECONOMIES, BY INCOME LEVEL OF THE RECIPIENT COUNTRY
(trillion dollars)



Source: ECLAC elaboration on the basis of UNCTAD statistics

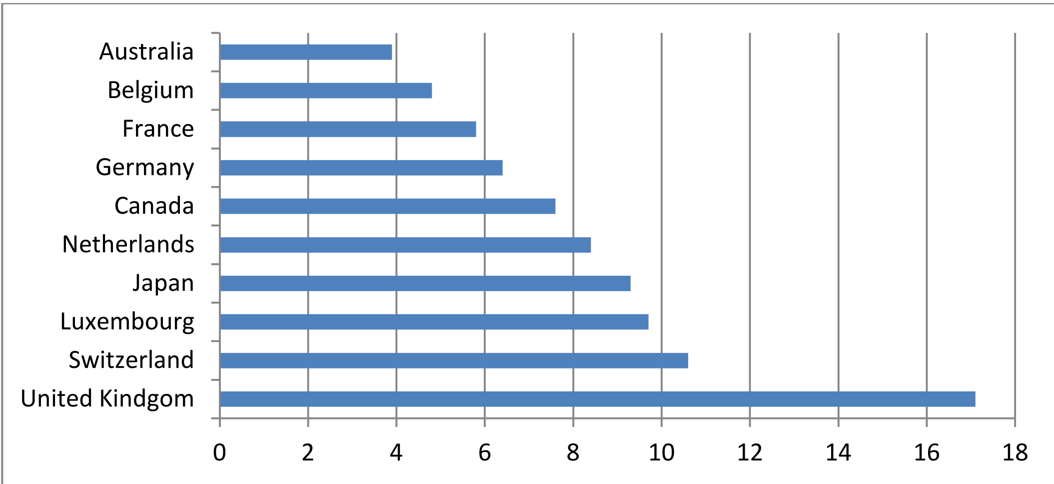
1. U.S. FDI inflows

The United States is the first destination for global FDI flows, a position that has maintained since 2006. The combination of strong growth and low inflation in the U.S. economy has been the main attraction

for foreign investors since the mid-1990s (Jackson, 2013). More recently, however, the U.S. has been facing steep competition from emerging markets in the attraction of FDI flows (Fikri et al 2014).

Industrial countries are still the primary source of FDI to the United States, but emerging markets are becoming a bigger source of FDI and their share is expected to increase as institutional and structural barriers in those countries continue to decline. The United Kingdom represents 17.5% of all FDI inflows. In addition to Europe, Japan, Canada, and Australia make up the top ten investor countries.

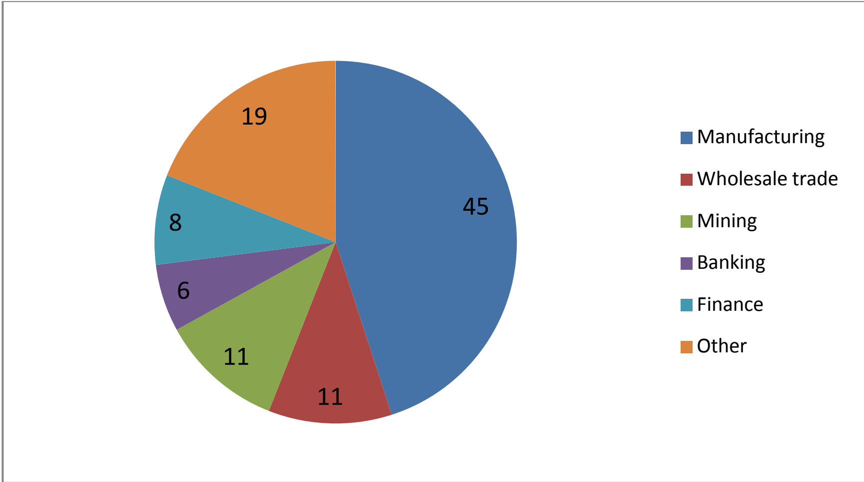
FIGURE III.A.1.1
FOREIGN DIRECT INVESTMENT INTO THE U.S.
TOP 10 INVESTOR COUNTRIES, 2010-2012 AVERAGE
(percentage of total U.S. FDI inflows)



Source: Department of Commerce, Bureau of Economic Analysis

FDI into the United States is mostly concentrated in the manufacturing industry which received about 45% of total FDI inflows to the US (BEA).

FIGURE III.A.1.2.
FOREIGN DIRECT INVESTMENT INTO THE U.S. BY INDUSTRY
2010-2012 AVERAGE
(percentage of total U.S. inflows)



Source: Department of Commerce, Bureau of Economic Analysis

Although the United States continues to be the largest recipient of FDI inflows, its share of global FDI inflows has declined. The U.S. recorded US$167.7 billion in FDI in 2012, still the largest inflow worldwide but down more than one-quarter from 2011. In 1980, the U.S. share of global FDI inflows was 31%, and by 2012, it had declined to only 17% (U.S. Dept of Commerce International Trade Administration, 2014, Organization of International Investments, 2013). This loss of post-crisis momentum was largely due to stiff competition from emerging economies and a wave of divestments as foreign firms sold their U.S. affiliates to local or third-country companies.

CONFIDENCE INDEX

The A.T. Kearney Foreign Direct Investment Confidence Index ranks countries on how changes in their political, economic, and regulatory systems are likely to affect foreign direct investment (FDI) inflows in the coming years.

This year's index shows the U.S. in first place for the second year. With NAFTA's renascent manufacturing base, Latin America's expanding middle class, and booming energy markets, the region's buoyancy continues to encourage investors.

The U.S. is the most likely destination for FDI (Kearney, 2014). The U.S. is back in the minds of global business leaders as the prime destination for their investment.

While rapid-growth emerging economies continue to place well in the index[1], the latest results show a strong shift to the OECD countries.

Although there was evidence of concern about the fragile state of some emerging economies, the index reveals that core group of developing economies continues to enjoy widespread confidence: China, Brazil, India, Mexico, South Africa, Malaysia and Indonesia.

As a part of the national efforts to boost FDI, the Administration created SelectUSA. SelectUSA provides a one-stop shop for foreign investors to receive advice on starting a business, connecting with domestic firms and localities, accessing government resources, and navigating regulations. The efforts also include increased engagement from U.S. ambassadors to solicit investment overseas and provide federal support for state and local initiatives. This is the first-ever national investment promotion effort to attract foreign investment to the U.S., and marks a major policy departure for the country, which has typically left FDI advocacy to state and local governments. SelectUSA also includes a list of federal business incentives including loans and tax credits that are searchable by industry (SelectUSA, 2014).

An additional attraction of the U.S. market is the ongoing energy revolution, most notably the rapid expansion of shale gas production, which is pushing domestic energy prices lower.

U.S. manufacturing productivity has seen a major boost since the recession, which coupled with a weaker dollar and rising wages in emerging economies has made the U.S. more attractive to produce certain goods for the domestic market. Samsung will invest $4 billion to expand production capacity for Smartphone processors at its plant in Austin, Texas. With the U.S. auto industry booming, particularly in the southeastern automotive cluster, South Korea's Hankook Tire is planning its first factory in the US, with an investment of $800billion in Tennessee. Toyota plans to invest a combined $200million to expand capacity across its operations in Alabama, Missouri, and Tennessee. And Kentucky aloe became home to three new German-owned automotive supplier operations in 2013,

With low labor and logistics costs and extensive ties to the U.S. economy, Mexico is a significant beneficiary of the latest reshoring wave. Thanks to close transportation links and tariff-free trade under NAFTA, Mexico is an attractive location for the final assembly of components (including advanced parts imported from the U.S. and Canada), especially for bulky, high-value items that are expensive to ship, such as vehicles and appliances. Companies that have moved some or all of their production in recent years from Asia to Mexico to be closer to the U.S. include Emerson, MECo, Coach, and Axion.

CORPORATE INVERSION

Corporate inversion is one of the strategies employed by companies to reduce their tax burden. In an inversion, a U.S. company moves its tax address to a tax-friendlier country, typically through a merger with a smaller foreign company.

The U.S. has the highest corporate income tax rate in the industrialized world, at 35 percent . The U.S. is also one of the few developed countries that taxes corporate profits earned abroad. Foreign profits are subject to U.S. taxes once they are brought to the U.S., though corporations can deduct any foreign taxes paid they are not fully compensated for the taxes paid abroad. Companies that become foreign-owned do not have to pay U.S. tax on the profits they make abroad. In addition, although inverted corporations must still pay U.S. taxes on the profits they earn in the U.S., they can lower their U.S. tax bills through an exercise called "earnings stripping." Once invested abroad, the new foreign parent company "lends" money to the U.S. firm, which must pay it back. The U.S. firm then deducts the interest payments it makes to the parent company, reducing its taxable profits.

The decision to incorporate the new parent company in a foreign country can generate significant tax savings over time. For example, a manufacturing company in the United States that has had a surge in the share of sales coming from foreign operations relative to that of domestic operations will find itself paying more U.S. taxes because of where it is incorporated (the U.S.). If it incorporates abroad, it can bypass having to pay U.S. taxes on income that is not generated in the United States which is now a larger share of its total operations.

Corporate inversion is not considered tax evasion as long as it does not involve misrepresenting information on a tax return or undertaking illegal activities to hide profits.

Actions taken by the U.S. administration to curb "tax inversion" may, however, have unintended consequences, creating disincentives for inbound investment. Take for instance European multinationals that have had no part on inversions but have the same structure as inverters: foreign-domiciled parent controlling a U.S. subsidiary. Any attempt to increase U.S. tax and borrowing between a foreign parent and a U.S. subsidiary will affect their operating costs.

2. U.S. FDI outflows

About 74% of US foreign direct investment is concentrated in high income developed countries. Europe, which has been a prime location for U.S. FDI outflows since the 1980s, accounts for over half of all U.S. direct investment abroad at US $2.5 trillion (Jackson, 2013). Table II.A.2.1 shows the US direct investment position abroad on a historical-cost basis at year end of 2012 by major regions and industries.

TABLE III.A.2.1
U.S. DIRECT INVESTMENT POSITION ABROAD ON A HISTORICAL-COST BASIS AT YEAR-END 2012
(billions of dollars)

	All Industries	Manufac turing	Wholesale Trading	Infor mation	Banking	Finance	Services	Holding companies	Other
All	4 453.3	637.1	205.1	146.6	119.7	775.6	94.1	1 949	303.8
Canada	351.5	75.4	21.5	8.0	6.4	55.0	8.4	109.0	38.8
Europe	2 477	311.4	83.7	98.1	73.3	380.3	53.5	1 288.8	174.0
Latin America	869.3	93.6	43.0	13.3	5.9	215.0	4.3	386.0	42.3
Africa	61.4	4.0	1.4	0.2	2.5	6.7	0.8	9.0	1.8
Middle East	42.9	15.2	2.1	1.2	0.3	0.7	1.2	7.5	1.4
Asia	651.3	137.5	53.3	25.7	31.3	137.9	26.0	148.6	45.6

Source: Jackson, James K. "U.S. Direct Investment Abroad: Trends and Current Issues", Congressional Research Service, 11 Dec 2013.

Latin America accounts for about 20% of all U.S. direct investment abroad at $869 billion. At 44%, holding companies absorb the most of the US direct investment that goes into Latin America. The next top industry for US direct investment into Latin America is the finance industry, which absorbed about 25% of US direct investment into Latin America at $215 billion.

Table x shows U.S. outflows and share of investment of the top 10 locations in the years 2009-2012. No Latin American country makes the top 10 recipient of U.S. outflows of investment into total merchandise and services sector.

TABLE III.A.2.1
UNITED STATES'S OUTFLOW OF INVESTMENT
(billion dollars and percentage)

	2012		2011		2010		2009	
	Outflow	Share	Outflow	Share	Outflow	Share	Outflow	Share
Netherlands	50.23	14%	75.01	19%	44.98	16%	51.59	18%
United	46.82	13%	27.08	7%	38.84	14%	28.94	10%
Luxembourg	32.80	9%	50.18	13%	48.16	17%	22.19	8%
Bermuda	28.69	8%	22.01	6%	12.98	5%	29.15	10%
Canada	26.30	7%	46.68	12%	17.59	6%	14.34	5%
British Virgin Islands	23.03	6%	12.61	3%	10.93	4%	7.75	3%
Ireland	22.75	6%	22.59	6%	28.87	10%	23.53	8%
Australia	22.06	6%	12.56	3%	19.88	7%	4.45	2%
Switzerland	16.71	5%	9.15	2%	-0.35	0%	15.38	5%
Singapore	15.03	4%	10.16	3%	15.50	6%	4.88	2%
Mexico	12.63	3%	7.75	2%	0.83	0%	7.10	3%
Brazil	7.94	2%	10.26	3%	9.64	4%	3.50	1%
Germany	5.93	2%	7.97	2%	5.90	2%	7.84	3%
Norway	4.90	1%	5.67	2%	3.46	1%	0.14	0%
Chile	4.50	1%	4.19	1%	4.61	2%	1.89	1%
India	4.12	1%	2.02	1%	3.07	1%	2.47	1%
Japan	4.02	1%	0.48	0%	0.92	0%	11.14	4%
Barbados	3.72	1%	4.68	1%	1.75	1%	1.04	0%
Unspecified West Asia	3.63	1%	-0.98	0%	-0.59	0%	1.23	0%
Venezuela	2.83	1%	2.17	1%	0.47	0%	2.78	1%
Total	366.94		386.72		277.78		287.90	

Source: International Trade Centre, Investment Map – International Trade Statistics, Investmentmap.org.

However, immediately after the top 10 countries for U.S. direct investment outflows are Mexico and Brazil. Other Latin American countries in the top 20 destinations are Chile in 15th place, Barbados in 18th place, and Venezuela in the 20th spot.

IV. Special topics

This section highlights some trade related issues that may be relevant for the Latin America and Caribbean region but were not suitable for discussion in any of the previous sections. The Agricultural Act of 2014 that designs policies and funding for, among others, agriculture, nutrition and rural development programs that can impact agricultural trade; new developments in organic agricultural trade agreements, and the results of a recent poll on attituds towards trade.

A. Farm Bill

The Agricultural Act of 2014 (Farm Bill 2014), was signed into law on February 7, 2014 after more than two years of discussion in the U.S. Congress and will be in force for the next five years, until 2018. This Farm Bill substitutes the 2008 that had expired in 2012 and was subsequently extended until 2013.This law establishes the policies and federal funding levels for agriculture, agricultural research, nutrition programs, rural economic development program, among other programs. The 2014 Farm Bill incorporates a modest reduction in total expenditures in the next decade and significant changes in many of its main components. Among them are the elimination of direct payments, counter-cyclical payments and the Average Crop Revenue Election (ACRE) Program, and the incorporation of new programs that seek to give farmers security, mainly through price and income support. The 2014 Bill funds the Agricultural Disaster Assistance Program and strengthens the support programs for the dairy and cotton sectors, the Crop Insurance Program, Research and Extension, Energy, Horticulture, Rural Development and Trade.

The U.S. is the world's largest producer and exporter of agricultural goods and therefore any changes to its agricultural policy could potentially have significant impact in world agricultural commodity markets and in the Latin American and Caribbean economies in particular. This is especially true of programs or measures that tight their support to current market conditions. For instance, the 2008 Farm Bill counter-cyclical payments paid farmers when the effective market price fell below a minimum price established by the law. Implicitly, what this mechanism did was to artificially create incentives to increase production (by maintaining a price higher than market price) adding downward pressure to already low prices and triggering again payments. Elimination of this program should therefore favor exporters of the products included in the program such as soybeans, peanuts, wheat, sorghum, corn, cotton, rice, barley, oats, and hurt net-importers of them. In the Americas, Argentina, Brazil, Canada, Chile, Paraguay and Uruguay should be beneficiaries of this change. On the other hand, Barbados, Trinidad and Tobago, St. Vincent and the Grenadines, Jamaica, the Dominica Republic and Panama that import about 40% of their calorie intake will be hurt by this change (IICA,2014).

The elimination of direct payments, on the other hand, should not have serious effects on domestic or international market as they are considered measures that distort trade the least because they are not linked to current market conditions but rather to historical yields, and a fixed price coefficient. The effect of the elimination of ACRE program is more ambiguous as its trade distorting mechanisms are being replaced by other measures; the net result is still to be quantified.

In addition, the 2014 Farm Bill sought to address the WTO dispute settlement decision of 2009 that found in favor of Brazil. At issue were the subsidies granted by the U.S. to cotton producers. In the 2014 Farm Bill the U.S. created a special insurance program, the Stacked Income Protection Plan (STAX) that covers U.S. cotton producers against revenue loss. Under this new plan, the government subsidizes 80% of the cost of the insurance premiums payable to cover losses ranging from 10-30% of expected county revenue. The compensation will only be paid if actual country revenue attributable to the producer is less than the expected country revenue, and provided that the total compensation made available for under the Act is not greater than the value of the crop. Although marketing assistance

programs and export subsidies programs for cotton continued, substantial changes were made to the export subsidy: reduction in the length of contracts and higher interest rates.

The 2014 eliminates three programs that directly supported dairy product prices, exports and income in the sector: Dairy Product Price Support Program (DPPSP), Milk Income Loss Contract (MILC) and Dairy Export Incentive Program (DEIP). Dairy Price Support Program is maintained as well as marketing assistance. The impact on LAC should be significant. The region imports about 36% of all U.S. dairy exports, changes in US will impact US world market competitors from the region such as Argentina, Uruguay and Chile. However Mexico, Dominican Republic, Peru and Panama could benefit from the larger supply and lower prices (IICA,2014).

Sugar programs remain unchanged from the 2008 Farm Bill.

B. Agricultural organics trade agreement

The United States has organic trade equivalence arrangements with several nations to facilitate the exchange of organic products. The organic equivalence arrangement allows for products that are certified as organic in the U.S. to be sold as organic in the country party to the arrangement, and vice versa. These arrangements eliminate several of the barriers faced by organic producers, in particular small and medium-sized framers, to access the largest, most profitable markets.

In the absence of such agreement, those who sought to trade organic products had to obtain separate certifications to the different standards held in each country with the corresponding additional costs in fees, inspections and time. To reach these arrangements, technical experts from each country conduct thorough on-site audits to ensure that their programs' regulation, quality control mechanisms, certification requirements, and labeling practices are compatible. Therefore, these arrangements have the advantage of expanding organic market access, reducing duplicative requirements and certifications costs while protecting organic integrity at the same time. These arrangements provide additional market opportunities for US organic producers and a broader range of organic products year round to consumers.

To the existing Organic Equivalence Trade Arrangements that the U.S. had in place with Canada and the European Union, two more were added this year: Japan and Korea. The U.S. Japan arrangement entered into effect on January 1, 2014 and the U.S.-Korea on Jul1 1, 2014.

The National Organic Program works with the Foreign Agricultural Service and Office of the United States Trade Representative to establish international trade arrangements for organic products.

In addition, the 2014 Farm Bill may offer another outlet to U.S. organic agriculture producers. In addition to the food stamps and crop insurance programs, the bill sets aside funding for about a dozen programs focused on local food systems, nutrition assistance and organic agriculture, lending support to farmers markets, research and food-security initiatives.

C. Attitudes towards trade and investment

Pew Research Center conducted a multinational survey on attitudes towards trade and investment across 44 countries during the second quarter of 2014. A total of 48,643 adults (18+) responded the nationally representative telephone and face to face interviews. The survey shows that in general, the benefits of trade on jobs and wages are more appreciated in developing than in advanced or emerging markets. On investment, views on new investment are more positive (74%) than on foreign mergers & acquisitions (45%). Germans (79%), Japanese (76%), Italians (73%), French (68%) and U.S. citizens (67%) are most opposed to foreign takeovers of national companies.

In the U.S. respondents are less convinced that trade is good than in the rest of the countries. For example, only 20% of U.S. respondents think that trade creates jobs as compared with 44% of other

advanced economies and 66% in developing countries. In the U.S. only 17% of interviewees expressed that trade raises wages as compared to 28% in other advanced economies and 55 % in developing countries.

The demographics of U.S.respondents views are shown on Table IV.C.1.

TABLE IV.C.1
U.S.RESPONDENTS'S WHO THINK…
(percentage)

	Trade is bad	Trade decreases wages	Trade destroys jobs	Trade increases prices	Foreign companies buying U.S. companies is bad	Foreing companies building factories in U.S. is bad
Total	28	45	50	32	67	23
Men	28	43	46	28	66	20
Women	27	48	55	35	67	26
18-29	21	43	43	35	64	19
30-49	30	44	50	34	64	22
50+	29	48	55	28	72	26
Less than post-secondary	30	42	54	37	64	30
Post-secondary	26	48	48	28	69	19
Lower income	29	46	54	38	62	28
Upper income	25	45	47	24	72	17

Source: Bruce Stokes, presentation at Peterson Institute September 16, 2014

Older, less educated, low income, and female are the most wary about trade. Respondents of both genders, age groups, educational levels and income are very distrustful of foreign companies buying U.S. companies. However, the reverse is true of foreign companies building factories in the U.S.. These are welcome by all demographic categories.

V. Trade Inhibiting Measures

This section focuses on recent developments on three significant areas of trade inhibiting measures.

- Import policies (e.g., quantitative restrictions, antidumping and countervailing duties).
- Dispute settlement (e.g. upland cotton, COOL, Mexican sugar, etc.).
- Agricultural supports (e.g. U.S. export support programs).

This year's report addresses selected dispute settlement cases covering issues such as the U.S. dispute with Brazil regarding upland cotton, the Country of Origin Labeling Dispute with Mexico, the Sugar dispute between the United States and Mexico, among others[3].

A. Import policies

1. Trade Remedy Legislation

a) Antidumping and Countervailing Duty Orders

As of October, 2014, there are 22 antidumping duty (AD) orders in place against Latin American and Caribbean countries. These cases involve Argentina (1), Brazil (8), Chile (1), Mexico (10), Trinidad and Tobago (1), and Venezuela (1) and are listed in Table V.1. Of the 22 AD orders, one new order was placed in 2014 on Prestressed Concrete Steel Rail Tie Wire from Mexico and an AD order on Carbon Steel Wire Rod from Brazil, an AD order on Carbon Steel Wire Rod from Mexico and an AD order on Carbon Steel Wire Rod from Trinidad & Tobago were continued in 2014. There are 2 countervailing duty (CD) orders in place against Latin American and Caribbean countries as of October, 2014. These affect Brazil (2) and are listed in Table V.2.

Antidumping and countervailing duties by outcome

Administrative reviews

As of October 2014, there have been five notifications of review rescissions and seven publications of final results of administrative reviews regarding subsidy rates and dumping margins for Latin American and Caribbean products (see table V.3 and annex 1 for more details). In 2014, final administrative reviews results were published for investigations on Polyethylene Terephthalate Film, Sheet, and Strip and Stainless Steel Bar from Brazil, Pipe and Tube, seamless refined copper pipe and tube, Steel Concrete from Mexico. A period of review on the investigation of certain frozen warm-water shrimp from Brazil ended in 2013.

3 For more information please refer to ECLAC Washington 2012-2013 United States Trade Developments report, section V. Trade Inhibiting Measures.

TABLE V.1
ANTIDUMPING DUTY ORDERS AFFECTING LATIN AMERICA AND THE CARIBBEAN

Country	Item	DOC Case #	Order Date	Continued Date
Argentina	Lemon Juice (suspended)	A-357-818	10/09/2007	07/08/2013
Brazil	Carbon Steel Wire Rod	A-351-832	29/10/2002	07/03/2014
	Prestressed Concrete Steel Wire Strand	A-351-837	28/01/2004	11/12/2009
	Iron Construction Castings	A-351-503	09/05/1986	17/07/2012
	Carbon Steel Butt-Weld Pipe Fittings	A-351-602	17/12/1986	15/04/2011
	Frozen Warm-Water Shrimp and Prawns	A-351-838	01/02/2005	29/04/2011
	Circular Welded Non-Alloy Steel Pipe	A-351-809	02/11/1992	17/07/2012
	Stainless Steel Bar	A-351-825	21/02/1995	09/08/2012
	Polyethylene Terephthalate Film, Sheet, and Strip	A-351-841	10/11/2008	
Chile	Preserved Mushrooms	A-337-804	02/12/1998	28/04/2010
Mexico	Fresh Tomatoes (suspended)	A-201-820	01/11/1996	16/12/2002
	Carbon Steel Wire Rod	A-201-830	29/10/2002	07/03/2014
	Prestressed Concrete Steel Wire Strand	A-201-831	28/01/2004	11/12/2009
	Circular Welded Non-Alloy Steel Pipe	A-201-805	02/11/1992	17/07/2012
	Lemon Juice	A-201-835	10/09/2007	
	Light-Walled Rectangular Pipe and Tube	A-201-836	05/08/2008	
	Certain Magnesia Carbon Bricks	A-201-837	20/09/2010	
	Seamless Refined Copper Pipe and Tube	A-201-838	22/11/2010	
	Large Residential Washers	A-580-868	15/02/2013	
	Prestressed Concrete Steel Rail Tie Wire	A-201-843	24/06/2014	
Trinidad & Tobago	Carbon Steel Wire Rod	A-274-804	29/10/2002	07/03/2014
Venezuela (República Bolivariana de)	Silicomanganese	A-307-820	23/05/2002	08/06/2013

Source: ECLAC, based on data from U.S. International Trade Commission, Trade Remedy Investigations and USITC notices in the Federal Register, as of October, 2014.

TABLE V.2
COUNTERVAILING DUTY ORDERS AFFECTING LATIN AMERICA AND THE CARIBBEAN

Country	Item	DOC Case #	Order Date	Continued Date
Brazil	Carbon Steel Wire Rod	C-351-833	22/10/2002	07/03/2014
	Heavy Iron Construction Castings	C-351-504	15/05/1986	19/11/2010

Source: ECLAC, based on data from USITC, Trade Remedy Investigations, as of October, 2014.

TABLE V.3
ADMINISTRATIVE REVIEWS YIELDING FINAL RESULTS FOR LATIN AMERICA AND THE CARIBBEAN

Country	Item	DOC Case	Period of Review	Results Date
Brazil	Polyethylene Terephthalate Film, Sheet, and Strip	A-351-841	01/07/2011 – 30/06/2012	10/01/2014: final results
			01/09/2012 – 31/10/2013	20/05/2014: rescission of review
	Certain Frozen Warmwater Shrimp	A-351-838	01/02/2013 – 31/01/2014	12/05/2014: rescission of review
	Stainless Steel Bar	A-351-825	01/02/2012 – 31/01/2013	13/08/2014: final results
Mexico	Certain Magnesia Carbon Bricks	A-201-837	02/07/2011 – 12/12/2013	12/12/2013: rescission of review
	Certain Circular Welded Non-Alloy Steel Pipe	A-201-805	09/08/2013 – 31/12/2013	31/12/2013: final results
	Light-Walled Rectangular Pipe and Tube	A-201-836	01/10/2010 – 30/09/2011	23/01/2014: rescission of review
			01/10/2011 – 30/09/2012	31/01/2014: Final results
	Seamless Refined Copper Pipe and Tube	A-201-838	01/09/2013 – 30/12/2013	28/05/2014: rescission of review
				30/06/2014: Final results
	Steel Concrete Reinforcing Bar	A-201-844	01/07/2012 – 30/06/2013	15/09/2014: final results
Venezuela	Ferrosilicon	A-307-824	01/07/2012 – 30/06/2013	31/07/2014: final results

Source: U.S. Department of Commerce, International Trade Administration, Import Administration and ITC notices in the Federal Register, as of October, 2014.

Sunset Reviews

As of October 2014, the U.S. Department of Commerce (DoC) two AD orders remain in effect that involved Latin American and Caribbean countries; (see table V.4).

TABLE V.4
SUNSET REVIEWS YIELDING FINAL RESULTS FOR LATIN AMERICA AND THE CARIBBEAN

Country	Item	DOC Case #	Publication Date	Results of Review
Mexico	Light-Walled Rectangular Pipe and Tube	A-201-836	13/06/2014	Final results; AD order continued (effective date: 23/06/2014)
	Carbon and Certain Alloy Steel Rod	A-201-830	03/07/2014	Final results: AD order continued (effective date: 16/06/2014)

Source: U.S. Department of Commerce, International Trade Administration, Import Administration, as of October 2014.

2. "Special 301" Report

Published on an annual basis by the Office of the United States Trade Representative (USTR), the "Special 301" Report is a review of global state protection and enforcement of intellectual property rights (IPR). The USTR monitors foreign IPR regimes with a view to identifying those countries that deny adequate intellectual property rights protection and obstruct fair and equitable market access of United States' IP-related products. Countries may be categorized as "Priority Foreign Countries", or added to the "Priority Watch List" or the "Watch List." This assessment takes into consideration each country's level of development, its international obligations and commitments, the concerns of rights holders and other interested parties, and the trade and investment policies of the United States. These issues then become the focus of bilateral and multilateral negotiations in an effort to improve the IPR regimes. In addition, the USTR has established another category, the "Section 306" category, which is solely dedicated to monitoring foreign countries' progress in the area of IPR protection and enforcement.

In its 2014 review, the USTR invites trading partners on the "Special 301" Priority Watch List or Watch List to collaborate with the U.S. to develop an action plan to facilitate their removal from the corresponding list.

USTR continued its enhanced approach to public engagement activities in this year's Special 301 process. USTR requested written submissions from the public through a notice published in the Federal Register on January 3, 2014. In addition, on February 24, 2014, USTR conducted a public hearing that invited interested persons to testify before the interagency Special 301 subcommittee about issues relevant to the review. The hearing featured testimony from witnesses representing foreign governments, industry, and non-governmental organizations. For the first time, USTR recorded the testimony at the Special 301 hearing, and also offered a two-week post-hearing comment period during which hearing participants and interested parties could submit additional information in support of, or in response to, hearing testimony.[4]

To facilitate IPR protection and enforcement, U.S. agencies engage in training and capacity building activities, both in the U.S. and overseas. Other U.S. Government agencies bring foreign government and private sector representatives to the United States on study tours to meet with IPR professionals and to visit the institutions and businesses responsible for developing, protecting, and promoting IPR in the United States. One such program is the Department of State's International Visitors Leadership Program, which brings groups from around the world to cities across the United States to learn more about IPR and related trade and business issues. Overseas, the U.S. Government is also active in partnering to provide training, technical assistance, capacity building, exchange of best practices, and other collaborative activities to improve IPR protection and enforcement. The following are examples of these programs. In 2013, GIPA provided training to 7,078 foreign IPR officials from 135 countries, through 114 separate programs. Attendees included IPR policy makers, judges, prosecutors, customs officers, and examiners, and training topics covered the entire spectrum of IPR.

[4] The 2014 Federal Register notice — and post-hearing comment period — drew submissions from over 100 interested parties, including 21 trading partners.

Post-training surveys demonstrated that 100 percent of all attendees reported that they had taken some steps to implement positive policy change in their respective organizations. GIPA also has produced seven free distance-learning modules, available on its website in multiple languages (English, Spanish, French, Arabic, and Russian).

a) Priority Foreign Countries

Priority Foreign Countries are identified as having the strongest impact (actual or potential) on U.S. IP-related products and may therefore be subject to investigations under the "Section 301" provisions. There are no "Priority Foreign Countries" in Latin America or the Caribbean for the 2012 "Special 301" Report.

b) Priority Watch List

The Priority Watch List of the 2014 "Special 301" Report consists of 10 countries, 3 of which are from the Latin America and the Caribbean region. These include Argentina, Chile, and Venezuela.

c) Watch List

The Watch List consists of 27 countries, including 13 from Latin America and the Caribbean (see table V.5.) The report referenced the need for stricter IPR legislation and enforcement as the rationale for continued placement on the 2013 "Watch List".

TABLE V.5
"PRIORITY WATCH LIST" AND "WATCH LIST"

Priority Watch List	Watch List
Argentina	Barbados
Chile	Bolivia(Estado Plurinacional de)
Venezuela(República Bolivariana de)	Brazil
	Colombia
	Costa Rica
	Dominican Republic
	Ecuador
	Guatemala
	Jamaica
	Mexico
	Paraguay
	Peru
	Trinidad and Tobago

Source: USTR, Special 301 Report.

d) Section 306

"Section 306" of the "Special 301" Report highlights relevant developments in the fulfillment of bilateral intellectual property agreements. Having been identified as a Priority Foreign Country in January 1998, Paraguay remains the only country on the "Section 306" list.

B. Overview of selected U.S. dispute settlement cases involving Latin America and Caribbean countries

As of September 2014, the United States has brought 107 complaints to the WTO Dispute Settlement Body since it became WTO member in 1995. Of these 107 complaints, 17 complaints were made against

countries from the Latin American and Caribbean region. The respondents of said complaints are Argentina (5), Brazil (4), Chile (1), Mexico (6) and Venezuela (1).

TABLE V.6
WTO DISPUTES WITH LATIN AMERICA AND THE CARIBBEAN AS COMPLAINANT

Complainant	Number of Complaints
Antigua and Barbuda	1
Argentina	5
Brazil	10
Chile	2
Colombia	1
Costa Rica	1
Ecuador	1
Mexico	9
Venezuela(República Bolivariana de)	1

Source: ECLAC, based on WTO Dispute Settlement Data.

1. Upland Cotton

On 7 February 2014, the enactment of the U.S. Agricultural Act of 2014 (Farm Bill) led to changes of the U.S. cotton subsidies as well as WTO-faulted GSM 102 export credit program. The bill authorized the Risk Management Agency (RMA) to offer the Stacked Income Protection Plan of Insurance (STAX) to upland cotton producers for the 2015 and succeeding crop years. Simultaneously it led to the formal expiration of the Memorandum of Understanding (MOU) as well as the cotton framework agreement dating from the 2010 WTO settlement on upland cotton.

Regarding Brazil, a monitoring group was established to supervise the subsidies for agricultural products introduced by the bill by Brazil's National Agriculture and Fisheries Confederation (CAN) together with a member of Senate. A joint monitoring group was established by the Brazilian Cotton Industry Association (ABRAPA) and its U.S. counterpart, the National Cotton Council (NCC) supervising the impacts of the same bill, but only on cotton products.

The U.S. and the Brazilian officials came to an agreement, ending the long-lasting dispute on 1 October 2014. The U.S. agreed to pay a sum of US$ 300 million to Brazilian cotton farmers and modify its domestic cotton subsidy program. In exchange Brazil will drop the WTO case and related sanctions against the U.S. with an amount of US$ 829 million will be forfeited. Additionally the U.S. agreed on changes on fees and guarantee of the GSM-102 agricultural export credit guarantee program.

As of 14 October 2014, a letter from the U.S. President Barack Obama to the speaker of the House of Representatives officially announced a budget program revision for the Commodity Credit Corporation (CCC) for Fiscal Year 2015 with a total amount of US$ 300 million. The CCC budget will therefore increase from US$ 6.074 billion in net outlays to US$ 6.374 billion

Link to WTO case webpage:
http://www.wto.org/english/tratop_e/dispu_e/cases_e/ds267_e.htm

Link to all WTO documents for this case:
https://docs.wto.org/dol2fe/Pages/FE_Search/FE_S_S006.aspx?Query=(@Symbol=%20wt/ds267/)&Language=ENGLISH&Context=FomerScriptedSearch&languageUIChanged=true#*

2. Country of Origin Labeling Dispute

On 29 January 2014, the approved Farm Bill did not yet include the Country-of-Origin import labeling law. Canada and Mexico see the COOL of being incompatible with a 2008 WTO ruling putting them into a competitive disadvantage.

The US Court of Appeals for the District of Columbia rejected a petition against COOL by the US meat producers and opponents of the revised labeling policy.

Various business and meat groups expressed in a public letter their concerns about export retaliation from Canada and Mexico with harming impacts for the U.S. economy and backed the suspension of the COOL requirements.

The WTO handed out its compliance report as of 29 July 2014, to the chief parties stating the necessary changes that the U.S. has to implement in its COOL program.

On 18 October 2014, a WTO compliance panel confirmed that the revised U.S. COOL program violates Article 2.1 of the WTO Technical Barriers to Trade Agreement in affecting meat imports mostly from Canada and Mexico (WTD, 7/31/14). The panel rejected the contention about more than necessary "trade restrictiveness" under Article 2.2. Meanwhile Canada and Mexico showed themselves satisfied by the outcome, the USTR is considering an appeal to this decision.

Link to WTO case webpage:
http://www.wto.org/english/tratop_e/dispu_e/cases_e/ds384_e.htm

Link to all WTO documents for this case:
https://docs.wto.org/dol2fe/Pages/FE_Search/FE_S_S006.aspx?Query=(@Symbol=%20wt/ds384/)&Language=ENGLISH&Context=FomerScriptedSearch&languageUIChanged=true#*

3. Mexico-U.S Sugar Dispute

On 31 March 2014, the antidumping and countervailing duties petitions filed, with the International Trade Commission and the DoC, a complaint stating that the Mexican sugar industry has shipped sugar to the United States at dumping rates of 45 % under large subsidies from the Mexican government, thus disrupting US production.

Almost one month later, on 25 April 2014, the United States DoC launched a formal investigation into the Mexican sugar producers as they allegedly dumped sugar in the U.S. market at less than fair value.

During July 2014, the ITC (International Trade Commission) determined injury in the Mexican sugar case, thus allowing advancing to the next stage.

On 27 October 2014, the U.S. DoC announced it had reached two draft agreements with Mexican sugar exporters to suspend the ongoing antidumping (AD) and countervailing duty (CVD) investigations against sugar from Mexico that were initiated at the request of U.S. sugar producers.

The agreements will set a base price for covered sugar exports as well as a quota based on U.S. needs. Submissions are due on November 2014.

Link to USITC case webpage:
http://www.usitc.gov/trade_remedy/731_ad_701_cvd/investigations/2014/sugar/prelimphase.

4. Guatemala – US Labor enforcement case

On 6 March 2014, U.S. Trade Representative Michael Froman and Secretary of Labor Thomas Perez met with Guatemalan Trade Minister Sergio de la Torre and Guatemalan Labor Minister Carlos Contreras to discuss the implementation of the 18-point Labor Enforcement Plan signed between the two countries. Despite the introduction of some measures Froman highlighted the need of further reforms and announced a dispute settlement if no satisfying changes had been done until 25 April 2014.

A second extension of four months was given to Guatemala to comply with the labor rights commitments under the Central American Free Trade Agreement (CAFTA). Main aspects identified by the AFL-CIO and six Guatemalan Unions include: labor law enforcement; labor inspections; and measures to ensure compensation payments to workers.

On 18 September, 2014, the U.S. announced to proceed with a labor enforcement case against Guatemala under CAFTA-DR.

Link to USTR case web page:
http://www.ustr.gov/about-us/press-office/press-releases/2014/September/United-States-Proceeds-with-Labor-Enforcement-Case-Against-Guatemala

5. Cross-border Supply Gambling and Betting Services

On 18 June 2014, Antigua and Barbuda expressed in a WTO conference in Geneva concerns about the compensation payments the U.S. is requested to pay for its non-compliance with the recommendations of a Dispute Settlement Body on cross-border gambling and betting services on the internet.

Antigua & Barbuda has suffered from the suspension of concessions in respect of intellectual property rights and was given the right to compensation from the Dispute Settlement Body (DSB) for the economic damage that was caused.

On 26 September 2014, Prime Minister Gaston Browne met US Trade Representative Michael Froman for bilateral talks to resolve the trade dispute. The day before in his address at the UN General Assembly Browne underlined the necessity to resolve the WTO gaming case. They agreed to put a team together on both sides to discuss the details of the discussion.

Link to WTO case webpage:
http://www.wto.org/english/tratop_e/dispu_e/cases_e/ds285_e.htm

Link to all WTO documents for this case:
https://docs.wto.org/dol2fe/Pages/FE_Search/FE_S_S006.aspx?Query=(@Symbol=%20wt/ds285/*)&Language=ENGLISH&Context=FomerScriptedSearch&languageUIChanged=true#

6. Argentina's Import Restraints

On 22 August 2014, in the framework of a WTO panel in Geneva the U.S. together with the European Union and Japan won a dispute launched in 2012 claiming the removal of the Argentine import licensing system.

The report states that the importation restrictions not only create uncertainties about which products can be imported, but also companies cannot import the amount and type of product they wish, and products must get a pre-approval under a procedure known as the Advance Sworn Import Declaration. Potential importers must simultaneously export Argentine goods, invest in the country while not refraining profits out of it as well as keeping their products at a low price level and the incorporation of local content into domestically produced goods.

The import restrictions were qualified as violating the General Agreement on Tariffs and Trade (GATT) on market access and had to be adopted within 60 days unless Argentina appeals the ruling. Main U.S. products affected are computers, industrial and agricultural chemicals, agricultural and transportation equipment, machine tools, parts for oil field rigs and refined fuel oil with an annual value of several billion dollars.

On 26 September 2014, Argentina appealed the Panel Report in "Argentina – Measures Affecting the Importation of Goods" (WT/DS438/444/445) explaining that it is rather a question of the use of wrong standard or basis for evaluating the policies than on their complete inconsistence.

Link to WTO case webpage:
http://www.wto.org/english/tratop_e/dispu_e/cases_e/ds444_e.htm

Link to all WTO documents for this case:
https://docs.wto.org/dol2fe/Pages/FE_Search/FE_S_S006.aspx?Query=(@Symbol=%20wt/ds444/*)&Language=ENGLISH&Context=FomerScriptedSearch&languageUIChanged=true#

7. Mexico Truck Program

On 14 October 2014, a three-year pilot program allowing full access for Mexican trucks to U.S. roads expired. The Department of Transportation (DoT) announced that safety data from more than 5,000 truck and driver inspections collected over the period of the program was being reviewed in order to find permanent solution in terms of safety and in compliance with the NAFTA trade agreement. A final report will be published by the DoT Office of the Inspector General 60 days after the date of expiration assessing the success rate of the program on security issues. Critics claim that the collected data are not sufficient to determine a satisfying solution in the dispute case.

On 15 October 2014, after the expiration of the program, DoT allowed 13 Mexican trucking companies to continue operations on U.S. territory while the data is still being evaluated.

Link to DoT case webpage:

http://www.fmcsa.dot.gov/international-programs/mexico-cross-border-trucking-pilot-program

C. Agricultural Supports

USDA supports various programs to aid the creation, expansion, and maintenance of long-term export markets for U.S. agricultural products.

Financially USDA's total outlays for 2015 are estimated at $140 billion. Roughly 83 percent of outlays, about $116 billion in 2015, are associated with mandatory programs that provide services as required by law (USDA, 2014).

The Foreign Agricultural Service (FAS) carries out a variety of programs that are designed to facilitate access to international markets. The FAS also carries out activities that promote productive agricultural systems in developing countries and contribute to increased trade and enhanced global food security. The FAS supports market development programs as well as export programs.

1. Market Development Programs

The Foreign Agricultural Service administers several programs, in partnership with private sector organizations, in order to develop, maintain, and expand commercial export markets for U.S. agricultural products. The amount of funding for FY 2015 is about US$ 253 million.

Regarding financial support for these programs, the Farm Service Agency (FSA) supports the Commodity Credit Corporation (CCC) which provides funding not only for commodity programs administered by the (FSA), but all the export programs administered by the FAS. CCC borrows funds needed to finance these programs form the U.S. Treasury and repays the borrowings, with interest, from receipts and appropriations provided by Congress. These programs facilitate to buyers in countries where credit is necessary to maintain or increase U.S. sales.

Opportunities to apply for these programs are announced in the Federal Register and on the Foreign Agricultural Service website.

a) Foreign Market Development Program

The Foreign Market Development (Cooperator) Program supports and expands foreign markets for U.S. commodity and agricultural products. The FMD uses funds from the Commodity Credit Cooperation (CCC) and partially reimburses cooperators to strengthen market development activities and increase market share. Producers of U.S. agricultural products, except tobacco, including those associated with small-volume export commodities, participate in efforts to build export markets. Preference is given to nonprofit U.S. agricultural and trade organizations that represent an entire industry or are nationwide in membership and scope.

The program provides cost-share assistance to nonprofit commodity and agricultural trade associations to support overseas market development activities that are designed to support U.S. trade. These activities include technical assistance, trade servicing, and market research. A minimum of $34.5 million program level for the Cooperator Program are provided by the CCC.

b) Market Access Program

The Market Access Program (MAP) uses funds from the CCC to reimburse participating organizations for a portion of the cost of carrying out overseas marketing and promotional activities, such as consumer promotions. The MAP creates a partnership between non-profit U.S. agricultural trade associations, non-profit U.S. agricultural cooperatives, non-profit state-regional trade groups, and small businesses.

Included in the MAP is a brand promotion component that provides export promotion funding to 600-800 small companies annually and thereby contributes to the National Export Initiative goal of expanding the number of small and medium-sized entities that export. The budget provides $200 million program level for MAP in 2015, the same amount as provided in 2014 (USDA, 2014).

c) Quality Samples Program

The Quality Samples Program (QSP) is designed to encourage the development and expansion of export markets for U.S. agricultural products. The program, funded by the CCC, ensures that U.S. agricultural trade organizations are reimbursed for the price of the sample purchase, the domestic transportation cost to the exportation port and to the foreign port or point of entry only. In addition to helping importers overcome trade and marketing obstacles, the QSP promotes foreign understanding and appreciation of U.S. agricultural products by providing information to a targeted audience about quality and use of the U.S. goods.

The program is carried out under the CCC Charter Act, which provides the foreign importers with a better understanding of U.S. agricultural products. The budget includes $2.5 million of funding for the program in 2015 (USDA, 2014).

d) Emerging Markets Program

The Emerging Markets Program (EMP) promotes U.S. agricultural exports with CCC funding for technical assistance activities that address technical barriers to trade in emerging markets. Examples of such technical assistance include feasibility studies, market research, industry sector assessments, workshops and specialized training. The program is funded on a case-by-case basis and only supports exports of generic products. It is approved by the Food, Agriculture, Conservation, and Trade Act of 1990. The Budget provides a $10 million program level for EMP in 2015.

An emerging market is defined as a country that is progressing towards a market oriented economy that can provide a feasible market for the United States. An emerging market country has per capita income of less than $12,195 as well as a population of 1 million or greater (USDA, 2014).

e) Technical Assistance for Specialty Crops Program

The motive of the Technical Assistance for Specialty Crops (TASC) Program is to eliminate unique trade barriers that may hinder the exportation of U.S. specialty crops or all plant products produced in the U.S. Specialty crops do not include wheat, field grains, oilseeds, cotton, rice, peanuts, sugar, or tobacco. The program awards grants to U.S. organizations to help them undertake measures to overcome sanitary, phytosanitary and technical trade barriers, including grants for seminars, study tours, pest and disease research, and field surveys. The maximum award is for $500,000 per year for projects continuing up to five years. The CCC baseline provides a $9 million program level for TASC.

2. Export Programs and Commercial Export Financing

The (FAS) uses CCC funds to support emerging markets and improve the competitiveness of U.S. agricultural products in foreign markets. The funds are administered as credit guarantees and are used to increase trade in areas that would otherwise not be able to import U.S. products.

a) Export Credit Guarantee Program

The GSM-102 provides credit to foreign buyers with the objective of maintaining or increasing U.S. sales in countries where financing may not be available. Under the program, administered by the CCC, U.S. private banks guarantee funds to approved foreign banks in dollar-denominated, irrevocable letters of credit for use in the purchase of U.S. agricultural products and foodstuffs. Of the US$ 5.5 billion allocated to Export Credit Guarantees for 2015, US$ 5.4 billion will be made available through the GSM-102 program which covers credit terms of up to three years. The remaining part of the budget (US$ 100 million) will be used for facility financing guarantees.

Mexico had the most guarantee funds amounting to US$ 474 million in FY 2013 and includes credit for the commodities of cotton, grain sorghum, rice, soybean meal, soybeans, wheat, wheat/wheat flour, and yellow corn. In Mexico and South America wheat receives the most funding, while rice and soybean meal receive the most funding for the Caribbean and Central America, respectively (USDA FAS, 2009; USDA, 2013).

On 10 November 2014 the FAS announced additional allocations for the fiscal year 2015 funds for the Export Credit Guarantee Program (GSM-102) from which US$225 million for the Caribbean, US$350 million for Central America and US$300 million in Mexico.

TABLE V.8
EXPORT CREDIT GUARANTEE PROGRAM ACTIVITY FOR GSM-102 ALLOCATION AND APPLICATION FOR COVERAGE FISCAL YEAR 2013
(As of September 2013 - US$ in millions)

Country/Commodity (Maximum credit period in months)	Registration Guarantee Value
Caribbean	**126.9**
Dist. Dry Grain	489.9
Rice	65.6
Soybean Meal	40.8
Soybean Oil	3.1
Wheat	1.6
Yellow Corn	15.1
Central America	**310.9**
Dist. Dry Grain	11.9
Rice	24.6
Soybean Meal	162.7
Soybean Oil	10.4
Soybeans	12.0
Wheat	52.3
Yellow Corn	36.6
Mexico	**474.9**
Grain Sorghum	74.7
Rice	38.2
Soybean Meal	12.9
Soybeans	86.4
Wheat	169.7
Wheat / Wheat Flour	3.6
Yellow Corn	89.1
South America Region	**508.9**
Corn Gluten Meal	20.6
Dist. Dry Grain	9.2
Rice	11.1
Soybean Meal	136.4
Soybean Oil	9.7
Soybeans	8.8
Wheat	229.5
Yellow Corn	83.3
Total (Latin American Region)	**1,421.8**

Source: USDA "Summary of Export Credit Guarantee Program Registered Guarantees FY 2013"(As of September 2013)

b) Facility Guarantee Program

The USDA Facility Guarantee Program (FGP) aims to increase U.S. agricultural exports to emerging markets in which trade is hindered by inadequate storage, processing, or handling capacity. Under the program, the CCC provides credit guarantees to fund the export of commercial manufactured goods and services that will be used to improve agriculture-related facilities, such as refrigerator storage, ports, and distribution systems. By improving these facilities, the program increases the emerging market's capacity to import U.S. agricultural goods. The guarantees typically cover 95 percent of principal and a portion of interest, through which the CCC ensures that U.S. exporters and financial institutions receive payments from approved foreign banks in payment terms spanning between 1 and 10 years. The budget estimated at a program level of $100 million for facility financing guarantees for FY 2015 (USDA, 2014).

3. Sugar Import Program

Sugar imports from Latin American and the Caribbean enter the U.S. under one of two categories; raw cane sugar or sugar and sugar containing products. Every fiscal year, the United States Trade Representative announces the country-specific in-quota allocations for raw cane sugar and refined sugar. As stated in the Harmonized Tariff Schedule of the USTR, the FY 2015 Tariff-Rate Quota (TRQ) for raw cane sugar was set at 1,117,195 Metric Tons Raw Value (MTRV) and 127,000 MTRV of refined sugar.

These quotas, however, may be overruled if the Secretary of Agriculture determines that domestic demand for sugar exceeds its supply. These reallocations and quota increases are considered modest increases and do not have a significant impact on high sugar prices in the U.S.

a) Raw Cane Sugar

Table V.10 shows the raw cane sugar TRQ allocations and usage rates for Latin America and Caribbean sugar providing countries for FY 2013 and FY 2014. On 12 September 2013 the Office of the USTR announced the first country TRQ allocations for FY 2014 with effective date 1 October 2013. The allocations for all Latin American and Caribbean Countries added up to 1,117,195 metric tons raw value (MTRV). On 3 July 2014 the USTR announced country-specific reallocations for FY 2014 of 99,290 MTRV of the original TRQ for countries that will not be able to fill previously allocated raw cane sugar from which 66,369 MTRV in Latin America and the Carribean.

Table V.9

U.S. RAW CANE SUGAR TRQ ALLOCATIONS AND USAGE

(Metric tons)

	FY2013				FY 2014			
Country	Original TRQ Allocation	Final TRQ Allocation	Quantity Entered	Allocation Filled (%)	Original TRQ Allocation	Final TRQ Allocation	Quantity Entered	Allocation Filled (%) (of final TRQ)
Argentina	45,281	46,154	6,100	13.22	45,281	49,804	145	0.29
Barbados	7,371	7,513	0	0	7,371	7,371	0	0
Belize	11,584	11,807	26	0.22	11,584	12,741	0	0
Bolivia (Plurinational State of)	8,424	8,587	8,519	99.2	8,424	9,265	0	0
Brazil	152,691	155,634	146,872	94.37	152,691	167,942	152,605	90.86
Colombia	25,273	25,760	22,684	88.06	25,273	27,797	15,438	55.54
Costa Rica	15,796	16,100	16,097	99.98	15,796	17,374	21	0.12
Dominican Republic	185,335	188,908	95,435	50.51	185,335	203,847	110,217	54.07
Ecuador	11,584	11,807	11,807	100	11,584	12,741	0	0
El Salvador	27,379	27,907	27,870	99.87	27,379	30,114	27,896	92.63
Guatemala	50,546	51,520	37,365	72.53	50,546	55,595	39,827	71.63
Guyana	12,636	12,880	0	0	12,636	13,898	4,858	34.95
Haiti	7,258	7,258	0	0	7,258	7,258	0	0
Honduras	10,530	10,733	10,733	100	10,530	11,582	11,464	98.98
Jamaica	11,584	11,807	0	0	11,584	12,741	0	0
Mexico	7,258	0	0	0	7,258	7,258	0	0
Nicaragua	22,114	22,540	22,540	100	22,114	24,323	22,114	90.92
Panama	30,538	31,127	31,127	100	30,538	33,588	23,589	70.23
Paraguay	7,258	7,258	418	5.76	7,258	11,570	689	5.95
Peru	43,175	44,007	40,517	92.07	43,175	43,175	40,576	93.98
St. Kitts and Nevis	7,258	7,258	0	0	7,258	7,258	0	0
Trinidad & Tobago	7,371	7,513	0	0	7,371	7,371	0	0
Uruguay	7,258	7,258	0	0	7,258	7,258	0	0
All LAC sugar Under TRQs	**715,502**	**721,336**	**478,110**	**66.28**	**715,502**	**781.871**	**449,439**	**57.48**

Source: United States Customs and Border Protection, Weekly Commodity Status Report on USDA, Economic Research Service, Sugar and Sweeteners: Recommended Data: Table 57d and 57, as of 30 September 2013.

Note: The USTR often makes adjustments to the TRQ allocations. Table V.10 shows the original and final raw cane sugar TRQ allocations, the quantity entered and the percentage of allocations filled for fiscal year 2013. Adjustments to the TRQ allocations have not been released.

b) Sugar and Sugar Containing Products

Countries with a free trade agreement (FTA) with the U.S. also export their sugar and sugar-containing products through these agreements. Table V.11 shows the TRQs for sugar products from Latin American and Caribbean Countries under Free Trade Agreements (NAFTA, CAFTA and FTA's with Peru and Costa Rica) for Fiscal Years 2012, 2013 and 2014.

The amount of sugar from Latin America and the Caribbean which enters the U.S. under FTAs increased significantly between 2012 and 2013 due to increased export of Mexican sugar under NAFTA agreement. Despite slight changes sugar exports stayed relatively stable in 2014. Imports from the Dominican Republic after an increase from 2012 to 2013, significantly decreased in 2014 due to strong exports to the EU and simultaneously a decline in operations of one of their major mills. After a reduction in FY 2013 Guatemala visibly increased sugar exports with an expansion of its sugar planted areas and production for FY 2014-15..

TABLE V.10
U.S. IMPORTS OF SUGAR AND SUGAR CONTAINING PRODUCTS UNDER THE FREE TRADE AGREEMENTS FOR FISCAL YEARS 2010, 2011 AND 2012

(Metric ton, raw value)

	FY 2012	FY 2013	FY 2014
CAFTA DR			
Dominican Republic	54	113	15
El Salvador	16 929	47 053	31 134
Guatemala	59 089	22 535	46 336
Honduras	7 393	10 684	7 379
Nicaragua	21 866	27 755	24 947
Costa Rica [a]	15 680	13 384	2 947
Total CAFTA-DR	121 011	121 524	112 758
NAFTA			
Mexico	971 859	1 927 201	1 888 000
Total NAFTA	971 859	1 927 201	1 888 000
Other TRQs			
Peru	0	516	0
Panama	n/a	5 566[b]	3 000
Colombia[c]	29 895	22 156	30 321
Total	**1 122 765**	**2 076 963**	**2 034 079**

Source: USDA, Economic Research Service, Sugar and Sweeteners: Recommended Data, Tables 59 and 60b, as of 30 September 2014.

a Includes the value for "Costa Rica special".
b Includes the value for "Panama, raw sugar" only.
c The Trade Promotion Agreement between the U.S. and Colombia was implemented on 15/05/2012.

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Annexes

Annex 1
Administrative Reviews

After the Department of Commerce (DoC) issues an antidumping order and the ITC makes an affirmative determination, importers are required to pay antidumping duties on subject merchandise that entered the United States on or after the publication date of the preliminary determination. The DoC determines the actual amount of antidumping duties to be paid on the entries in an annual administrative review. This review also establishes new cash deposit rates for each of the companies reviewed. In some reviews, the DoC may also determine whether the order or finding should be revoked with respect to a particular company. (DoC, AD Manual, 2009)

Summaries of the final determinations including weighted-average dumping margins published from October 2013 to October 2014 are listed below.

Certain Circular Welded Non-Alloy Steel Pipe from Mexico (A-201-805)

On December 31, 2013, the DoC published the final results of the antidumping duty administrative review concerning Certain Circular Welded Non-Alloy Steel Pipe from Mexico for the period of November 1, 2011 through October 31, 2012. This administrative review covers mandatory respondents PYTCO, S.A. de C.V. (PYTCO), Conduit, S.A. de C.V. (Conduit), Mueller Comercial de Mexico, S.A. de C.V. (Mueller), Lamina y Place Comercial, S.A. de C.V. (Lamina y Placa), and Tuberia Nacional, S.A. de C.V. (TUNA). As the DoC has found that the respondents did not have reviewable sales during the period of review, there is no change in the antidumping duties for any of the respondents.

Light-Walled Rectangular Pipe and Tube from Mexico (A-201-836)

On 31 January 2014, the DoC published the final results of the antidumping duty administrative review concerning Light-Walled Rectangular Pipe and Tube from Mexico for the period 1 August 2011 through 31 July 2012. The administrative review covers mandatory respondents Maquilacero S.A. de C.V. (Maquilacero) and Regiomontana de Perfiles y Tubos S.A. de C.V. (Regiopysta). As the DoC has found that Regiopysta sold subject merchandise at less than normal value during the period of review and Maquilacero did not. There was a change in antidumping duty margins:

Producer/Exporter	Margin (percentage)
Maquilacero S.A. de C.V.	00.00
Regiomontana de Perfiles y Tubos S.A. de C.V.	1.45

Prestressed Concrete Steel Rail Tie Wire from Mexico (A-201-843)

On May 5th 2014, the DoC published the final results of the antidumping duty administrative review concerning Prestressed Concrete Steel Rail Tie Wire from Mexico for the period 1 April 2012 through 31 March 2013. The administrative review covers mandatory respondent Aceros Cames, S.A. de C.V. (Camesa) and Mexican firms that are subject to the all others rate. As the DoC has found that the respondents' sales of merchandise have been made at prices lower than normal value during the period of review, there is a weighted antidumping margin:

Producer/Exporter	Margin (percentage)
Aceros Cames, S.A. de C.V.	9.99

All Others... 9.99

Seamless Refined Copper Pipe and Tube from Mexico (A-201-838)

On 30 June 2014, the DoC published the final results of the antidumping duty administrative review concerning Seamless Refined Copper Pipe and Tube from Mexico for the period 1 November 2011 through 31 October 2012. The administrative review covers mandatory respondents G.D. Affiliates S. de R.L. de C.V. (Golden Dragon) and Nacional de Cobre, S.A. de C.V. (Nacobre). As the DoC has found that the respondents' sales of merchandise have been made at prices lower than normal value during the period of review, there is a weighted antidumping margin:

Producer/Exporter	Margin (percentage)
GD Affiliates S. de R. L de C.V.	2.26
Nacional de Cobre, S.A. de C.V.	0.58

Steel Concrete Reinforcing Bar from Mexico (A-201-844)

On 15 September 2014, the DoC published the final results of the antidumping duty administrative review concerning Steel Concrete Reinforcing Bar from Mexico for the period 1 July 2011 through 30 June 2013. The administrative review covers mandatory respondents Deacero S.A.P.I. de C.V. and Deacero USA, Inc. (collectively, Deacero) and Grupo Acerero S.A. de C.V. (Acerero), and the voluntary respondent, Grupo Simec (Simec)/Orge S.A. de C.V. (Orge) (Collectively Simec), and Mexican firms that are subject to the all others rate. As the DoC has found that steel concrete reinforcing bar is (or is likely to be) sold at less than normal value during the period of review. There is a weighted antidumping duty margin:

Producer/Exporter	Margin (percentage)
Deacero S.A.P.I. de C.V.	20.58
Grupo Acerero S.A. de C.V.	66.70
Grupo Simec	66.70
All Others	20.58

Polyethylene Terephthalate Film, Sheet, and Strip from Brazil (A-351-841)

On 10 January 2014, the DoC published the final results of the antidumping duty administrative review concerning Polyethylene Terephthalate Film, Sheet, and Strip (PET film) from Brazil for the period 1 July 2011 through 30 June 2012. The administrative review covers one mandatory respondent Terphane Ltda., and Terphane's U.S. affiliate, Terphane, Inc. (collectively, Terphane). The DoC has found that Polyethylene Terephthalate Film, Sheet, and Strip had no reviewable entries subject to order.

Stainless Steel Bar from Brazil (A-351-825)

On 13 August 2014, the DoC published the final results of the antidumping duty administrative review concerning Stainless Steel Bar from Brazil for the period 1 February 2012 through 31 January 2013. The administrative review covers one producer/exporter, Villares Metals S.A. (Villares). The DoC has found the subject merchandise to be sold at less than normal value. There is a weighted antidumping duty margin:

Producer/Exporter	Margin (percentage)
Villares Metals S.A.	0.64

Ferrosilicon from Venezuela (A-307-824)

On 31 July 2014, the DoC published the final results of the antidumping duty administrative review concerning Ferrosilicon from Venezuela for the period 1 July 2012 through 30 June 2013. The administrative review covers one producer/exporter, FerroAtlantica de Venezuela (FerroAtlantica). The DoC has found the subject merchandise to be sold at less than normal value. There is a weighted antidumping duty margin:

Producer/Exporter	Margin (percentage)
FerroAtlantica de Venezuela.	22.84
All Others	22.84

Annex 2
Sunset Reviews

The Uruguay Round Agreements Act (URAA) requires that AD and CVD orders be revoked, and suspended investigations be terminated, after five years, except in cases where this would likely lead to (1) a continuation or recurrence of dumping or a countervailable subsidy, and (2) material injury to domestic industry, as determined by the Department of Commerce (DoC). These "sunset" reviews are conducted on an order-wide, rather than a company-specific, basis. If the determinations of both the DoC and the ITC are affirmative, the order will continue (or the suspended investigation will remain in place). If the determinations are negative, the order will be revoked (or the suspended investigation will be terminated).