United Nations Economic Commission for Latin America and the Caribbean

ECLAC WASHINGTON OFFICE

United States Trade Developments 2014-2015

UNITED NATIONS

ECLAC

Washington, D.C., December 2015

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In addition, Andrea Luna Ruiz, Stefan Pagura were involved in the research for this year's edition.

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Abstract

United States Trade Developments, 2014-2015, 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 economic relations among the U.S., Canada, and the region on the occasion of the Seventh Summit of the Americas that took place in Panama City, on 10 and 11 April 2015.

The U.S. trade agenda continued focused on negotiations toward two major multi-regional free trade agreements (FTAs): the Trans-Pacific Partnership Agreement (TPP) that was signed on 5 October, 2015 after more than 6 years of negotiations, and the Transatlantic Trade and Investment Partnership (TTIP) between the U.S. and 28 European Union member states that is in its third year of negotiations.

The U.S. also extended the Africa Growth and Opportunity Act and other trade preferences for developing countries until 2025, extended two special trade programs for Haiti and revived the Generalized System of Preferences (GSP) that had lapsed two years ago.

I. Introduction

United States Trade Developments, 2014-2015, provides an overview of the most relevant 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 to illustrate the nature of the U.S. and Canada engagement through trade with the world and with the Latin America and Caribbean region. Special emphasis was given to economic relations among the U.S., Canada, and the region on the occasion of the Seventh Summit of the Americas that took place in Panama City, on 10 and 11 April 2015.

The value of world trade in goods and services started to fall in mid-2014 and has accentuated its decline in the first half of 2015.The slowdown in China and other developing economies and the sluggish and unstable recovery in developed countries have contributed to a contraction in the global demand for goods and services. In addition, the appreciation of the dollar caused a sharp fall in the price of internationally traded goods traded in dollars, commodities in particular, further reducing the value of goods traded. Continued dollar gains will likely add to the pressure on oil and other commodity prices in the near future. Growth in trade volume is set to trail the pace of economic growth for the third year in a row.

Between July 2014 and June 2015, the value of global trade in goods declined 11.8%. This was the result of a 13.2% fall in prices and a slight increase in volumes of 0.5%. Growth was led by the volume imported by developed countries (3.1%) and to a lesser degree, developing countries (1.1%). In the United States, exports decreased 3.8% in the first nine months of 2015 compared with the same period the year before. This is the first time U.S. exports have declined since the financial crisis, undermining the National Exports Initiative launched in 2010. Weak foreign demand explains this performance as China and other major economies slowed down. At the same time, U.S. imports also decreased (2.4%) in the first nine months of 2015.

The U.S. trade agenda continued focused on negotiations toward two major multi-regional free trade agreements (FTAs): the Trans-Pacific Partnership Agreement (TPP) that was signed on 5 October, 2015 after more than 6 years of negotiations, and the Transatlantic Trade and Investment Partnership (TTIP) between the U.S. and 28 European Union member states that is in its third year of negotiations.

According to the Executive Office of the U.S. President, the main impact of these new FTAs will be to reduce foreign barriers to U.S. exports. The U.S. is an already open economy with almost 70 percent of imports entering the U.S. duty-free and a trade-weighted average applied tariff of 1.4% (Executive office of the U.S. President, 2015). These mega-regional trade agreements, the TPP in particular, will also ensure access to markets where other trading partners are already gaining preferential access through negotiations of their own bilateral and regional trade agreements.

The U.S. also extended the Africa Growth and Opportunity Act and other trade preferences for developing countries until 2025, extended two special trade programs for Haiti and revived the Generalized System of Preferences (GSP) that had lapsed two years ago.

II. Trans-Pacific Partnership (TPP)

On 5 October, 2015 trade ministers of the twelve participating countries--Australia, Brunei, Canada, Chile, Japan, Malaysia, Mexico, New Zealand, Peru, Singapore, Vietnam and the United States announced that they had successfully concluded the Trans-Pacific Partnership Agreement. Encompassing countries at different levels of development (Table 1), with different cultures, languages, history, and geography, the TPP will require close cooperation among all of them if it is going to be successfully implemented. To promote that economies at all levels of development and businesses of all sizes can benefit from trade, the TPP includes specific commitments on development and trade capacity building to countries party to the agreement as well as commitments to help small-and medium-sized businesses understand the Agreement, take advantage of the opportunities and bring challenges to the attention of the TPP governments.

The TPP will deepen U.S. engagement with the Asia-Pacific region both economically and politically and ensure its participation in an eventual regional integration. The TPP is also seen as a means to harmonize the existing trade agreements the U.S. already has with most of the TPP member countries: Australia, Canada, Chile, Mexico, Peru, and Singapore. It is also a platform for regional economic integration and is designed to include additional economies (USTR).

The TPP includes 30 chapters covering trade and trade-related issues and disciplines. Most of these chapters update approaches to issues already covered in previous U.S. FTAs, but the TPP also includes new issues. The TPP provides comprehensive market access by eliminating or reducing tariff and non-tariff barriers across virtually all trade in goods and services. Tariffs in the region were not very high to begin with but the TPP reaches agricultural barriers and beyond-the border rules for services that were traditionally very hard to break. In addition, it seeks to provide broader access to investment.

The TPP has a regional approach to commitments, it seeks to facilitate the development of production and supply chains and seamless trade to facilitate cross border integration. Among the new trade challenges that the agreement addresses are provisions on the development of the digital economy, and the role of state-owned enterprises in the global economy. In fact, it is the first trade agreement to deal with the impact that the Internet has on intellectual property protection. Some of the chapters are also devoted to the protection of workers and environmental safeguards and these commitments will be enforceable under the treaty’s dispute settlement mechanism. These requirements are politically more sensitive than tariffs because they affect domestic policies, from human rights to how much public health systems pay for drugs.

TABLE II.1
TPP COUNTRIES POPULATION, GDP AND TRADE WITH U.S.

Country	Population[1]	GDP[2] (billions of PPP dollars)	GDP per capita PPP[2]	U.S. Imports (millions of dollars)	U.S. Exports (millions of dollars)
Australia	22 751 014	1 100	46 600	10 989	26 582
Brunei	429 646	32.96	79 900	33	549
Canada	35 099 836	1 596	45 000	355 213	312 421
Chile	17 508 260	410.9	23 100	10 267	16 515
Japan	126 919 659	4 767	37 500	137 504	66 827
Malaysia	30 513 848	769.4	25 100	31 113	13 068
Mexico	121 736 809	2 149	18 000	296 870	240 249
New Zealand	4 438 393	160.8	35 300	4 162	4 258
Peru	30 444 999	372.7	11 900	6 413	10 054
Singapore	5 674 472	454.3	83 100	16 652	30 237
Vietnam	94 348 835	512.6	5 700	32 011	5 734
United States (Exports and Imports from all TPP countries)	321 368 864	17 350	54 400	901 228	726 494

Sources: CIA Factbook, USITC dataweb.

Notes: 1. July 2015 estimates. 2. 2014 estimates.

The TPP depends largely on ratification by the United States and Japan congresses. The text of the agreement specifies that it will enter into force either 60 days after all 12 countries ratify it or at least six countries accounting for at least 85percent of the combined gross domestic product of the 12 countries that have ratified it (Article 30.5 of the TPP). There is no combination of TPP GDPs that can reach 85% of combined TPP GDPs without the U.S.--or without Japan (Table 1).

The TPP will not enter into force unless the United States ratifies it. This is because even if the Congress accepts the TPP, the U.S. administration can wait to provide written notification of U.S. completion of legal procedures until it is satisfied with the implementation programs of other signatories--as it has in previous FTAs--thus denying the requisite minimum number of 12 original parties under the first option as the clock ticks for the 2-year deadline.

III. Trade and investment in the Americas

The following section provides a snapshot overview of the economic relationship in the Americas .

The prolonged deadlock in the WTO Doha Round negotiations has contributed to countries seeking new markets via a proliferation of free trade agreements and an upsurge in megaregional negotiations.

In addition, in our region, a number of countries in the region have concluded or are negotiating partnership and free trade agreements with partners such as China, Japan and the Republic of Korea, among other Asian countries.

Recently, Central America, Colombia and Peru, as well as the Caribbean Forum of African, Caribbean and Pacific States (CARIFORUM), have signed partnership agreements with the European Union. These come on top of existing agreements with Mexico and Chile and the re-launching of negotiations with the Southern Common Market (MERCOSUR).

Free trade agreements between the United States and countries in the region include the North American Free Trade Agreement (NAFTA) between Canada, Mexico and the United States, the Dominican Republic-Central America-United States Free Trade Agreement (CAFTA-DR) and treaties with Chile, Colombia, Panama and Peru. Together these partners encompass more than three-quarters of total U.S. trade with the region.

Canada has also sought to enhance trade and investment relationships in the region through bilateral trade and investment agreements. In the region, it has free trade agreements with Chile, Colombia, Costa Rica, Honduras, Panama and Peru.

TABLE III.1
TRADE AGREEMENTS IN THE AMERICAS [a]

Andean Community - Southern Common Market (MERCOSUR) 1991	Chile - European Free Trade Association (EFTA) 2004	Andean Community 1969	Mexico - European Free Trade Association (EFTA) 2001
Bolivia (Plurinational State of) - Southern Common Market (MERCOSUR) 1997	Chile - Australia 2009	Costa Rica - China 2011	Mexico - Israel 2001
Bolivia (Plurinational State of) - Mexico 1995	Chile - China 2006	Costa Rica - Peru 2013	Mexico - Japan 2005
Dominican Republic-Central America-United States Free Trade Agreement (CAFTA-DR) 2005	Chile - Colombia 2009	Costa Rica - Singapore 2013	Mexico - Peru 2012
Canada - Chile 1997	Chile - Republic of Korea 2004	El Salvador - Taiwan Province of China 2008	Mexico - European Union 2000
Canada - Colombia 2011	Chile - United States 2004	United States - Australia 2005	Mexico - Uruguay 2004
Canada - Costa Rica 2002	Chile - Hong Kong Special Administrative Region of China 2014	United States - Bahrain 2006	Nicaragua - Taiwan Province of China 2008
Canada - European Free Trade Association (EFTA) 2009	Chile - Japan 2007	United States - Republic of Korea 2012	Panama - Peru 2012
Canada - Honduras 2014	Chile - Malaysia 2012	United States - Israel 1985	Panama - Singapore 2006
Canada - Israel 1997	Chile - Southern Common Market (MERCOSUR) 1996	United States - Jordan 2001	Panama - Taiwan Province of China 2004
Canada - Jordan 2012	Chile - Mexico 1999	United States - Morocco 2006	Peru - European Free Trade Association (EFTA) 2010
Canada - Panama 2013	Chile - New Zealand, Singapore and Brunei Darussalam (P4 Agreement) 2006	United States - Oman 2009	Peru - China 2010
Canada - Peru 2009	Chile - Panama 2008	United States - Panama 2012	Peru - Republic of Korea 2011
Caribbean Community (CARICOM) 1973	Chile - Peru 2009	United States - Peru 2009	Peru - Japan 2012
Caribbean Community (CARICOM) - Costa Rica 2005	Chile - Turkey 2011	United States - Singapore 2004	Peru - Singapore 2009

Table III.1 (concluded)

Caribbean Community (CARICOM) - Dominican Republic 2001	Chile - European Union 2003	Guatemala - Taiwan Province of China 2006	Peru - Thailand 2005
Caribbean Forum of African, Caribbean and Pacific States (CARIFORUM) - European Community 2008	Chile - Viet Nam 2014	Honduras - Taiwan Province of China 2008	Peru - European Union 2013
Central America - Chile 2002	Colombia - European Free Trade Association (EFTA) 2011	Central American Common Market (CACM) 1960	North American Free Trade Agreement (Canada, Mexico, United States) 1994
Central America - Mexico 2012	Colombia - United States 2012	Southern Common Market (MERCOSUR) 1991	
Central America - Panama 2002	Colombia - Mexico 1995	Southern Common Market (MERCOSUR) - Israel 2009	
Central America - Dominican Republic 2001	Colombia - Northern Triangle of Central America (El Salvador, Guatemala, Honduras) 2009	Southern Common Market (MERCOSUR) - Peru 2005	
Central America - European Union 2013	Colombia, Peru - European Union 2013		

Source: Economic Commission for Latin America and the Caribbean (ECLAC), on the basis of Foreign Trade Information System (SICE).

a The year the agreement came into force is given in each case.

A. Trade

The United States share of regional trade remains high, despite falling over the past decade as the economic weight of Asia has continued to grow.

Latin America and the Caribbean accounts for a fifth of total United States trade.

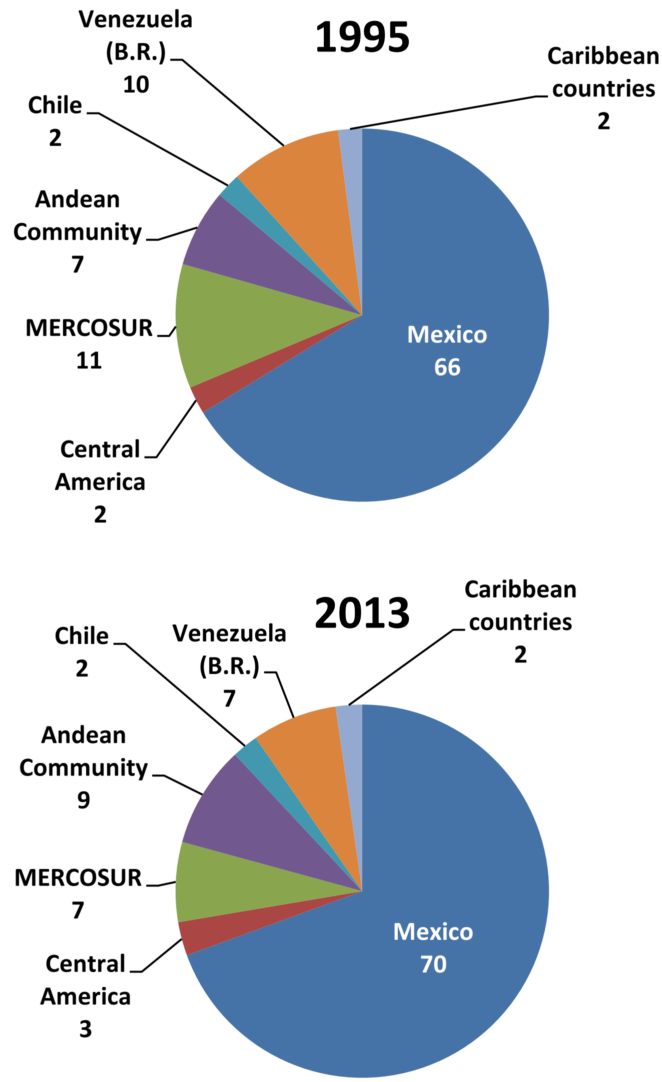
TABLE III.2
UNITED STATES: BREAKDOWN OF TRADE BY MAIN COUNTRIES AND REGIONS (1980-2013) AND ANNUAL RATES OF TRADE GROWTH (1990-2013)

(Percentages of total United States trade and percentages)

	Region/country	1980	1990	2000	2010	2013	1990-2013 (annual growth rate)
Exports	Canada	16.0	21.1	22.6	18.4	18.3	4.7
	Latin America and the Caribbean	17.1	13.3	21.6	22.4	24.9	8.2
	European Union	28.7	26.6	21.6	19.4	17.0	3.7
	Asia	19.6	24.5	21.9	23.7	22.7	5.2
	China	1.7	1.2	2.1	7.6	8.3	15.5
	Japan	9.4	12.4	8.4	5.0	4.4	0.7
	Rest of world	18.5	14.4	12.2	16.2	10.0	6.0
Imports	Canada	16.6	18.1	18.5	14.2	14.5	5.6
	Latin America and the Caribbean	14.2	12.9	16.9	18.1	19.2	8.9
	European Union	17.2	20.2	18.7	17.9	17.0	5.9
	Asia	21.9	31.7	31.9	34.6	34.9	7.4
	China	0.5	3.1	8.6	19.3	19.8	17.1
	Japan	13.0	18.1	12.0	6.1	6.1	1.4
	Rest of world	30.1	17.1	14.1	15.2	9.0	6.0
Total trade	Canada	16.3	19.6	20.6	16.3	16.4	5.1
	Latin America and the Caribbean	15.7	13.1	19.3	20.2	22.0	8.5
	European Union	22.9	23.4	20.1	18.7	17.0	4.8
	Asia	20.7	28.1	26.9	29.1	28.8	6.3
	China	1.1	2.2	5.3	13.5	14.0	16.3
	Japan	11.2	15.3	10.2	5.6	5.2	1.0
	Rest of world	24.3	15.8	13.2	15.7	9.5	6.0

Source: Economic Commission for Latin America and the Caribbean (ECLAC), on the basis of information from the United Nations Commodity Trade Database (COMTRADE).

FIGURE III.1
UNITED STATES: BREAKDOWN OF IMPORTS FROM LATIN AMERICA AND THE CARIBBEAN BY ORIGIN, 1995 AND 2013
(Percentages of the total)



Source: Economic Commission for Latin America and the Caribbean (ECLAC), on the basis of information from the United Nations Commodity Trade Database (COMTRADE) and data from the United States International Trade Commission (USITC).

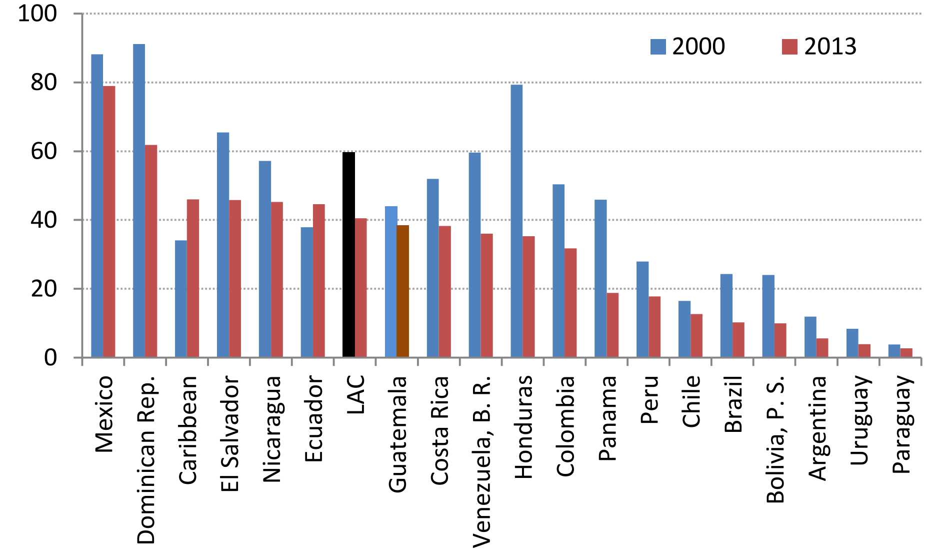
The United States is a particularly important trading partner for Mexico and the countries of Central America and the Caribbean. Imports from Mexico represent over two thirds of United States imports from the region, while Mexico and MERCOSUR combined account for 77% of that total.

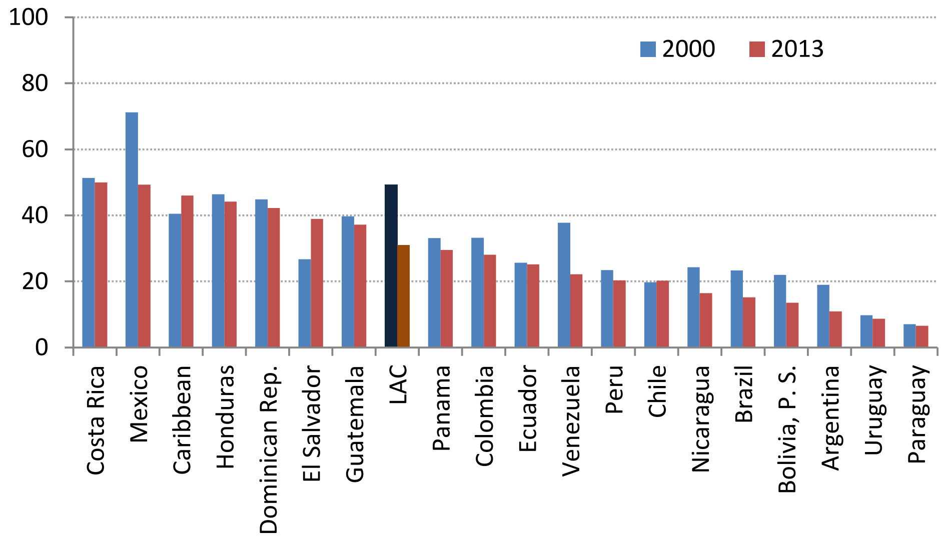
Within the region, exports to the United States as a share of GDP are highest in Mexico, the Caribbean and Central America.

FIGURE III.2

LATIN AMERICA AND THE CARIBBEAN: UNITED STATES SHARE OF TOTAL TRADE, 2000 AND 2013

(percentages)

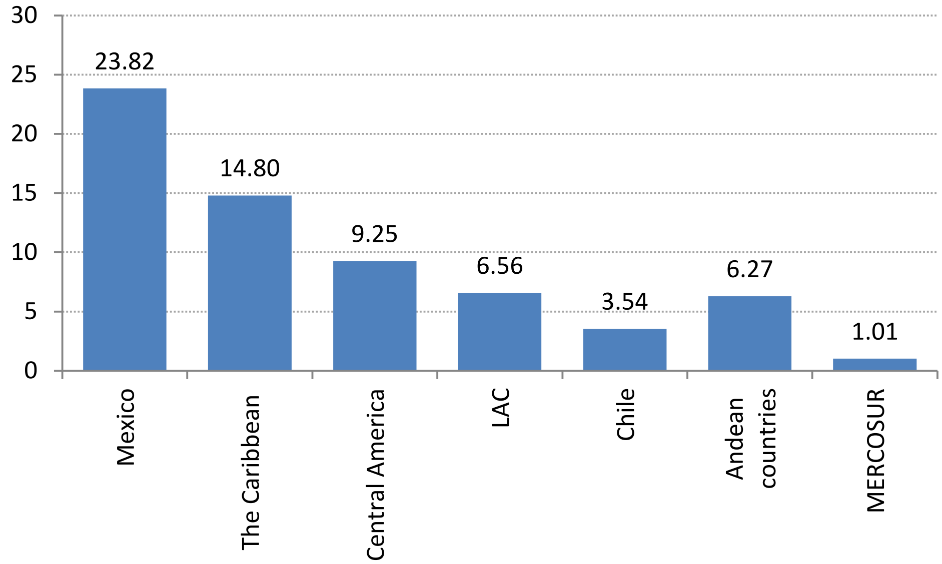




Source: Economic Commission for Latin America and the Caribbean (ECLAC), on the basis of information from the United Nations Commodity Trade Database (COMTRADE).

FIGURE III.3
LATIN AMERICA AND THE CARIBBEAN (SELECTED COUNTRIES AND SUBREGIONS): EXPORTS TO THE UNITED STATES AS A SHARE OF GDP, 2013

(Percentages)



Source: Economic Commission for Latin America and the Caribbean (ECLAC), on the basis of information from the United Nations Commodity Trade Database (COMTRADE).

Exports from Latin America and the Caribbean to the United States include a larger proportion of manufactures than those going to the European Union and China. This is particularly true of Mexico and Central America.

On average, Latin America and the Caribbean export more products to the United States than to the European Union or Asia, but the largest number of products is exported within the region itself.

TABLE III.3

LATIN AMERICA AND THE CARIBBEAN (SELECTED COUNTRIES): NUMBER OF PRODUCTS EXPORTED TO SELECTED MARKETS, 2012-2013 AVERAGE

(Using the six-digit Harmonized Commodity Description and Coding System)

	United States	European Union	Latin America and the Caribbean	Asia	China
Argentina	1 725	2 079	3 836	1 507	577
Bolivia (Plurinational State of)	390	324	818	170	70
Brazil	3 164	3 401	4 176	2 823	1 731
Chile	1 644	1 712	3 383	1 172	530
Colombia	2 146	1 703	3 581	967	385
Costa Rica	2 144	1 385	3 254	960	412
Dominican Republic	1 933	909	2 048	313	127
Ecuador	1 332	1 122	2 449	501	155
El Salvador	1 331	559	2 925	376	93
Guatemala	1 778	1 006	3 629	702	278
Honduras	1 456	542	1 528	391	590
Mexico	4 428	3 316	4 156	2 657	1 785
Nicaragua	326	194	415	173	57
Panama	222	112	379	77	40
Paraguay	406	469	1 229	137	81
Peru	2 230	1 988	3 503	1 160	397
Uruguay	615	961	1 757	505	160
Venezuela (Bolivarian Republic of)	533	912	2 095	331	114
The Caribbean	825	293	955	81	28
Latin America and the Caribbean	4 716	4 395	4 808	3 963	3 025

Source: Economic Commission for Latin America and the Caribbean (ECLAC), on the basis of information from the United Nations Commodity Trade Database (COMTRADE).

Trade and investment flows between Canada and Latin America and the Caribbean are still growing steadily. In the past decade, Canadian trade with the region grew twice as fast as that with the rest of the world.

In 2012, 3.07% of Canada's total exports went to the region. That same year, 9.15% of Canada's total imports came from the region.

The United States is Canada's main trading partner, accounting for over two thirds of Canadian trade. Mexico and Brazil are among the top 10 Canadian export markets, while Mexico, Peru and Brazil are among the top 15 suppliers of imports to the country.

Asia and the Pacific, and China in particular, also increased their share of the external trade of the United States and Canada.

In the last 10 years, China has been one of the fastest-growing export markets for the United States, with the latter's exports to China rising by 349% from 2004 to 2013. China is now the second-largest trading partner of the United States after Canada, being its largest source of imports and its third-largest export market after Canada and Mexico.

The main United States merchandise exports to China in 2013 included oilseeds and grains, aircraft and their parts, motor vehicles, and navigation, measuring, electro-medical and control instruments. The five largest product group categories for United States imports from China that year were information technology equipment, communications equipment, miscellaneous manufactures (such as toys and games), clothes, and semiconductors and other electronic components. China was also the third-largest source of agricultural imports into the United States and the seventh-largest source of service imports.[1]

In Canada, imports from Asia and the Pacific represented 19.2% of the total in 2013, up from 18.1% in 2007. Canada's exports to Asia and the Pacific rose from 6.7% of its export total in 2007 to 9.6% in 2013. These developments were generally at the expense of trade with the European Union.[2]

In 2013, China was the second-ranking global destination for Canadian exports and its second-ranking import source after the United States. Between 2008 and 2013, the value of Canadian exports to China rose at an average annual rate of 14.4%, at a time when Canada's exports to the world were falling by an average of 0.5% a year. In that period, the value of Canadian imports from China rose by an average of 4.3% a year, as compared to 1.8% for worldwide imports. The share of natural resource-based goods exports in Canada's total exports to China increased from 32.7% in 2008 to 46.2% in 2013. Canola seed, iron ore and its concentrates and wood pulp together represented 24.7% of Canada's exports to China in value. Conversely, 99% of Canadian imports from China in value are manufactures, with just 1% being natural resource-based goods.

TABLE III.4
TRADE BETWEEN CANADA AND CHINA, 1998-2013

(Billions of dollars and percentages)

	Exports	Imports	Exports	Imports
	(billions of dollars)		(percentages)	
1998	2.5	7.65	0.78	2.56
2003	4.81	18.58	1.26	5.53
2007	9.51	38.33		
2008	10.47	42.63	2.17	9.82
2013	20.49	52.73	4.34	11.09

Source: Economic Commission for Latin America and the Caribbean (ECLAC), on the basis of data from the Parliament of Canada.

With the exception of Mexico and Central America, Latin America and the Caribbean is integrated to only a limited degree into the three major production networks known as "factory North America", "factory Europe" and "factory Asia". The region is not a major supplier of intermediate or primary goods for these chains, and nor does it play a significant role as an importer of intermediate goods from the countries in them.

Although the regional market offers huge potential for production and export diversification, the region is not taking advantage of this. In 2013, just 19% of exports from Latin America and the

1 Wayne Morrison, "China-US Trade Issues", Congressional Research Service Report, Washington, D.C., Library of Congress, 2014.
2 Latin American and Caribbean Economic System (SELA).

Caribbean remained within the region, a proportion that was basically unchanged from 2008 and was much lower than in the major regions of the world economy. Moreover, intraregional trade dropped in 2014 and in 2015 (about 20%), and it fell by more than extra regional trade.

The small share of intraregional trade in total exports from Latin America and the Caribbean is compounded by the small share of parts and components in this trade. The exception is Mexico, as medium-technology products make up a substantial share of its intermediate goods exports to its North American Free Trade Agreement (NAFTA) partners; one indicator of the degree of production integration between two or more economies is the share of intermediate goods in the trade between them.

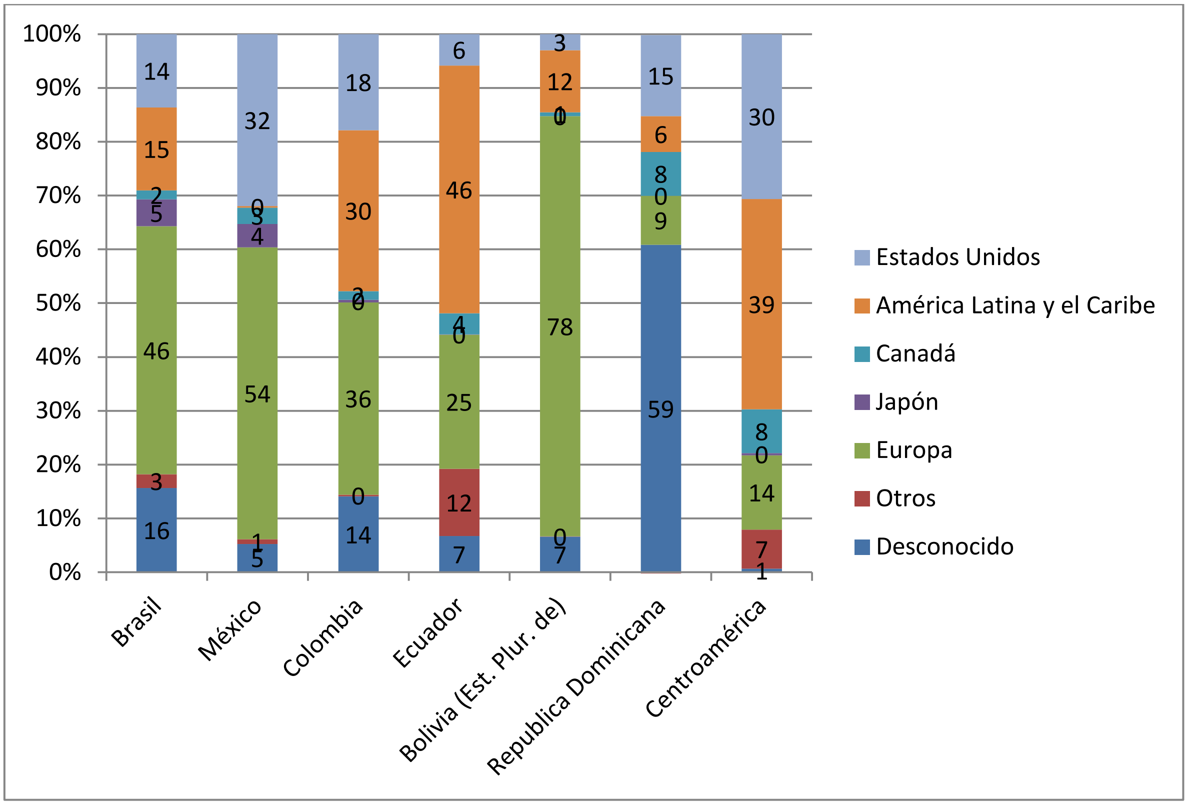
1. Foreign direct investment

Foreign direct investment (FDI) in Latin America and the Caribbean fell by 16% in 2014 to US$ 158.803 billion after having reached a record peak of US$ 181.498 billion in 2013, a rise of 6% on the 2012 figure. The fall is attributed to the decline in commodity prices and slowdown in the region. Nevertheless, FDI continues to be a very important component of the region economies, especially those of the Caribbean.

The largest recipient of FDI in Latin America and the Caribbean is Brazil, which received US$62.495 billion, followed by Mexico with US$22.795 billion and Chile with US$22.002 billion. In 2014, the largest share of FDI in the region went into the service sector (48%), followed by manufacturing (36%) and natural resources (17%), although the proportion of FDI going into natural resources is over 50% in a number of countries, such as the Plurinational State of Bolivia, where it is 70%.

In the last decade, about a third of all FDI inflows into Latin America and the Caribbean came from the United States, which remains the largest individual foreign investor in Mexico, Colombia and Central America. The Netherlands was the largest investor country in the region in 2014 (20%), mainly due to its investment position in Brazil. United States investment represents 30% of all inflows in Central America and 32% in Mexico and 17% in the region in 2014.

FIGURE III.4
LATIN AMERICA AND THE CARIBBEAN (SELECTED COUNTRIES AND SUBREGIONS): FOREIGN DIRECT INVESTMENT BY ORIGIN, 2013
(percentages)



Source: Economic Commission for Latin America and the Caribbean (ECLAC), on the basis of official figures and estimates as of 8 May 2014.

a Central America includes Costa Rica, El Salvador, Guatemala, Honduras and Nicaragua.

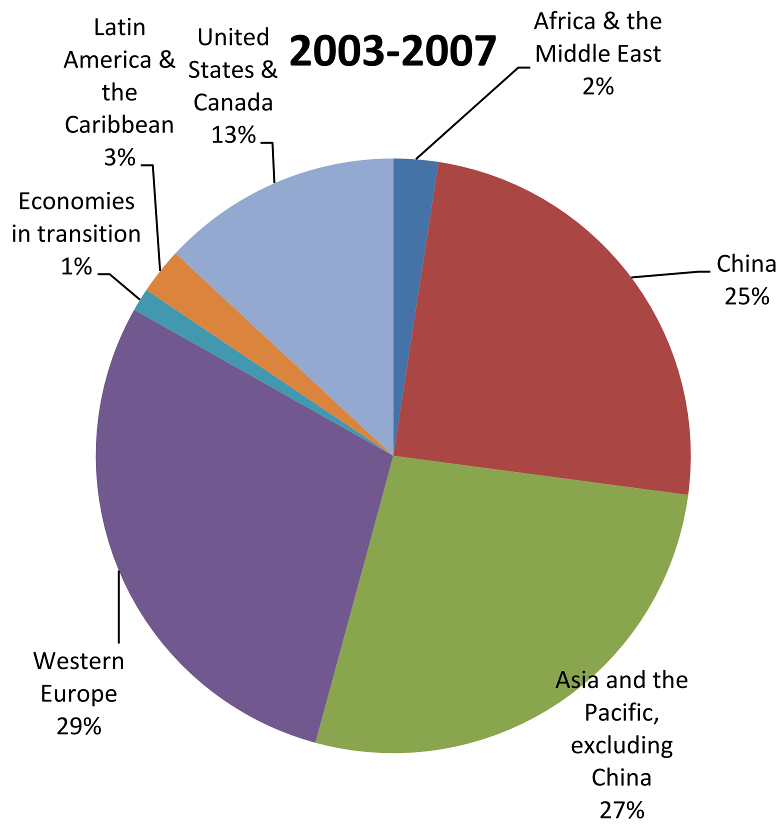
Foreign direct investment by Canada in Latin America and the Caribbean has been growing since the late 1980s, when it represented just 8% of all that country's outward FDI. In 2014, 26.1% of all Canadian investment abroad went to the region, including the financial centres in the Caribbean.

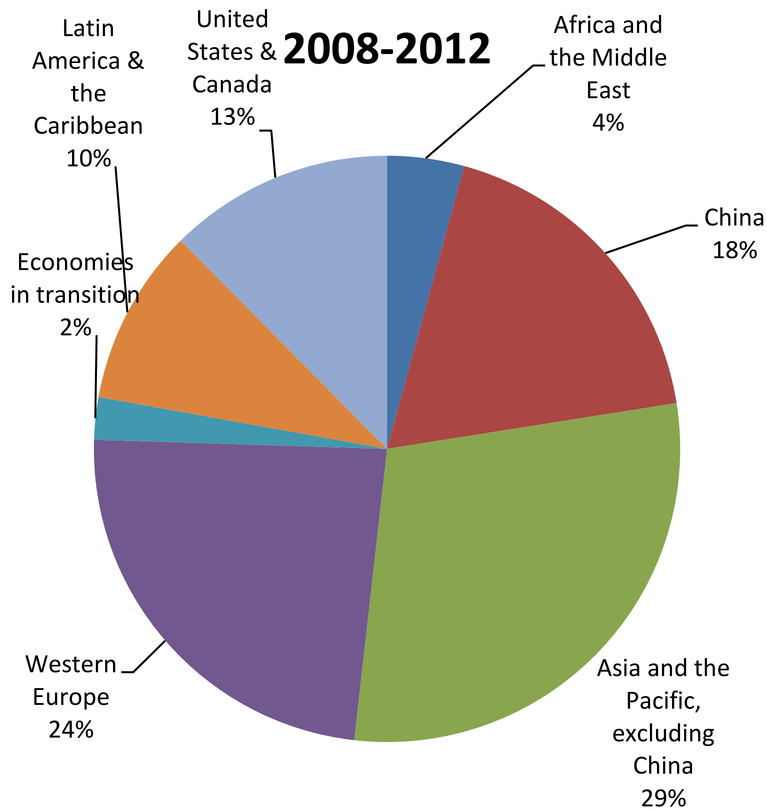
Since the mid-twentieth century, Canadian FDI flows into the region have progressively shifted towards the service sector, particularly finance and insurance, which account for over a third of the total. The mining, oil and gas sector ranks second with 18.8% of all Canadian FDI, while 11.2% goes into manufacturing.

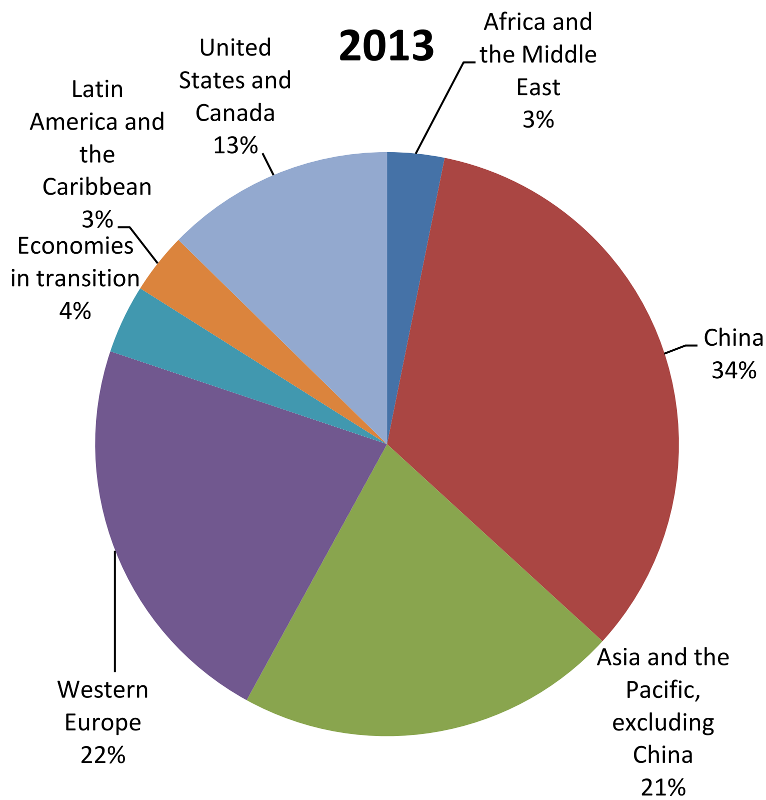
Between 2003 and 2013, the developing-country share of total outward investment rose from 10% to 39%. The most active regions are East and South-East Asia, which between them are the sources of over 50% of these capital outflows, and Latin America and the Caribbean, although the amounts are much smaller in this case. Thus, South-South FDI has increased particularly fast in the last 20 years.

One variable that reveals the quality of the FDI received by the region is the percentage of research and development projects in the total announced. Figure III.6 compares this variable in different regions over a number of years. The main change seen is that Asia as a whole is proving more and more attractive for research and development investments. The United States, meanwhile, has maintained a 13% share of international research and development investment. There has also been a small upward trend in the percentage of worldwide research and development investment going to Latin America and the Caribbean, although this fell back in 2013.

FIGURE III.5
FOREIGN DIRECT INVESTMENT IN RESEARCH AND DEVELOPMENT, NUMBER OF PROJECTS ANNOUNCED BY DESTINATION REGION, 2003-2007, 2008-2012 AND 2013
(percentages)





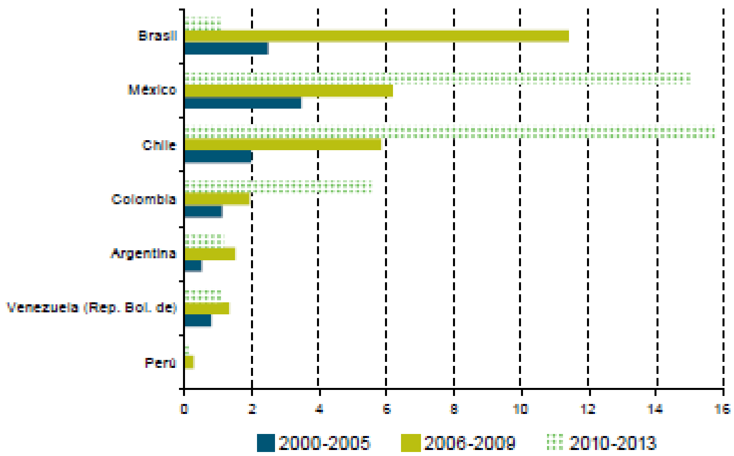


Source: Economic Commission for Latin America and the Caribbean (ECLAC), on the basis of investment announcements reported by FDI Markets.

A growing number of firms in the region (Latin American and Caribbean transnationals) are beginning to invest outside their home countries. International expansion was focused on nearby markets in an initial stage, but then spread to more distant markets, first in North America and later, albeit on a smaller scale, in the European Union, Asia, Oceania and, in some cases, Africa. Trans-Latins with operations in Canada and the United States include Grupo Alfa (a diversified firm in terms of the sectors operated in), Vale (mining), Gerdau (iron and steel), Votorantim (diversified), Techint (iron and steel), Arauco (forestry) and Sigdo Koppers (construction).

FIGURE III.6
LATIN AMERICA AND THE CARIBBEAN: FOREIGN DIRECT INVESTMENT FROM LEADING INVESTOR COUNTRIES, ANNUAL AVERAGES, 2000-2013 [a]

(Billions of dollars)



Source: Economic Commission for Latin America and the Caribbean (ECLAC), on the basis of official information.

a. The information on Argentina and Colombia goes up to the third quarter of 2013.

Trade is an essential tool to promote growth, employment and development. The countries of the Americas need to continue engaging with the global economy in a way that leads to high-quality job creation and improved living standards.

Hemispheric efforts should address outstanding trade issues and those that will be essential to the competitiveness of the Americas in future.

Bilateral trade between the United States, Canada and the countries of Latin America and the Caribbean shows potential for increased intra-industry trade with greater value added and for productive integration.

Megaregional negotiations will probably have a large impact on the geographical distribution and governance of world trade and investment flows. The implications for Latin America and the Caribbean are manifold and complex. The effects will be felt differently in each country, depending on the composition and geographical structure of its trade, its degree of participation in regional or global value chains and its network of trade agreements, among other factors. It is important to promote the participation of all the countries of the Americas that have expressed an interest.

As has been seen, foreign direct investment from the United States and Canada is very important in the region. However, large FDI inflows do not necessarily translate into a large positive impact on economic growth or development. The challenge is to attract the kind of FDI that helps to develop new sectors or has the potential to improve the productivity and performance of existing ones. United States and Canadian transnationals have huge technological and productive capabilities that the countries in the region could draw on to develop new sectors or expand existing ones. The development of solar energy in Chile and the large expansion of automotive production capacity in Brazil and Mexico are two recent examples.

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. GSP

GSP is the largest and oldest U.S. trade preference program. Established by the Trade Act of 1974, GSP promotes economic development by eliminating duties on up to 5,000 types of products when imported from one of 120 designated beneficiary countries and territories, including 43 least-developed countries, are eligible for duty-free treatment when exported to the United States. In 2014, the total value of imports that entered the United States duty-free under GSP was $18.3 billion.

The GSP program expired on July 31, 2013, but, on June 29, 2015, the U.S. President signed the Trade Preferences Extension Act of 2015. Under Title II of the Act it authorizes GSP through December 31, 2017 and makes GSP retroactive to July 31, 2013. As provided in the Act, duty-free treatment of GSP-eligible imports will become effective 30 days after enactment (July 29, 2015).

As the GSP program was renewed retroactively, CBP will reimburse U.S. importers for tariffs paid on eligible products during the gap period. On July 28, 2015, CBP published a notice in the Federal Register providing further guidance on the renewal and how to obtain a refund.

The following Countries in Latin America and the Caribbean have been Designated Beneficiary Developing Countries for Purposes of the Generalized System of Preferences (GSP).

Anguilla, Belize, Bolivia, Brazil, Dominica, Ecuador, Grenada, Guyana, Haiti, Jamaica, Montserrat, Paraguay, St. Kitts and Nevis, Saint Lucia, Saint Vincent and the Grenadines, Suriname, Uruguay and Venezuela. Haiti continues to be designated a least-developed beneficiary developing country for GSP. Uruguay, and Venezuela – have recently surpassed the GSP income threshold and, therefore, will be graduated from eligibility for GSP trade benefits, effective January 1, 2017.

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., 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 sugar dispute between the United States and Mexico, the U.S. labor enforcement case with Guatemala, and Mexico's truck program[3].

A. Import policies

1. Trade Remedy Legislation

a) Antidumping and Countervailing Duty Orders

As of November, 2015 there are 21 antidumping duty (AD) orders in place against Latin American and Caribbean countries. These cases involve Argentina (1), Brazil (7), Chile (1), Mexico (10), Trinidad and Tobago (1), and Venezuela (1) and are listed in Table V.1. Of the 21 AD orders, one new order was placed in 2015 on Steel Concrete Reinforcing Bar from Mexico and, an AD order on Prestressed Concrete Steel Rail Tie Wire from Mexico were continued in 2015. There are 2 countervailing duty (CD) orders in place against Latin American and Caribbean countries as of November, 2015. These affect Brazil (2) and are listed in Table V.1.

3 For more background please refer to ECLAC Washington 2013-2014 United States Trade Developments report, section V. Trade Inhibiting Measures at http://repositorio.cepal.org/bitstream/handle/11362/37838/LCWASL132_en.pdf?sequence=1

Antidumping and countervailing duties by outcome

Administrative reviews

As of November 2015, there have been five notifications of review rescissions and three publications of final results of administrative reviews regarding subsidy rates and dumping margins for Latin American and Caribbean products (see table V.3). In 2015, final administrative reviews results were published for investigations on seamless refined cooper pipe and tube and carbon and certain alloy steel wire rod from Mexico, Stainless Steel Bar from Brazil. The Department of Commerce amended the final result of the administrative review of the antidumping duty order on carbon and certain alloy steel wire rod from Mexico to correct ministerial errors.

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
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
	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	
	Steel Concrete Reinforcing Bar	A-201-844	06/11/2014	
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 November, 2015.

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 July, 2015.

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

Country	Item	DOC Case	Period of Review	Results Date
Brazil	Stainless Steel Bar	A-351-825	01/02/2013 – 31/01/2014	11/03/2015: final results
Mexico	Certain Magnesia Carbon Bricks	A-201-837	01/09/2013 – 31/08/2014	11/12/2014: rescission of review
	Certain Circular Welded Non-Alloy Steel Pipe	A-201-805	01/11/2013 – 31/10/2014	06/05/2015: rescission of review
	Seamless Refined Copper Pipe and Tube	A-201-838	01/09/2012 – 31/10/2013	28/05/2014: rescission of review 12/06/2015: final results
	Carbon and Certain Alloy Steel Wire Rod	A-201-830	01/10/2012 – 30/09/2013	15/09/2014: amended final results

Source: U.S. Department of Commerce, International Trade Administration, Import Administration and ITC notices in the Federal Register, as of July, 2015.

Sunset Reviews

As of July 2015, the U.S. Department of Commerce (DoC) listed seven AD orders that still remain in effect which involve 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
Brazil	Prestressed Concrete Steel Wire Strand	A-351-837	10/04/2015	Final results; AD order continued (effective date: 23/04/2015)
	Carbon Steel Wire Rod	A-351-832	08/07/2014	Final results: AD order continued (effective 03/07/2014)
Mexico	Prestressed Concrete Steel Wire Strand	A-201-831	10/04/2015	Final results: AD order continued (effective 23/04/2015)
	Light-Walled Rectangular Pipe and Tube	A-201-836	13/06/2014	Final results; AD order continued (effective date: 23/06/2014)
	Carbon Steel Wire Rod	A-201-830	16/06/2014	Final results; AD order continued (effective date: 03/07/2014)
	Carbon and Certain Alloy Steel Rod	A-201-830	03/07/2014	Final results: AD order continued (effective date: 16/06/2014)
Trinidad and Tobago	Carbon Steel Wire Rod	A-274-804	16/06/2014	Final results: AD order continued (effective date: 03/07/2014)

Source: U.S. International Trade Commission, as of July 2015.

2. “Special 301” Report

As established 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). 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.[4]

In its 2015 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, and to acknowledge positive outcomes

USTR requested written submissions from the public through a notice published in the Federal Register on December 29, 2014. In addition, on February 24, 2015, USTR conducted a public hearing that invited interested persons to testify before the inter-agency Special 301 subcommittee about issues relevant to the review. The hearing featured testimony from witnesses representing foreign governments, industry, and non-governmental organizations. USTR recorded and posted on its public website the testimony at the Special 301 hearing, and also offered a post-hearing comment period during which hearing participants and interested parties could submit additional information in support of, or in response to, hearing testimony.[5]

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.

Listed below is the 2015 Special 301 list of countries with emphasis in Latin American & the Caribbean region:

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 2015 “Special 301” Report.

b) Priority Watch List

The Priority Watch List of the 2014 “Special 301” Report consists of 13 countries, 4 of which are from the Latin America and the Caribbean region. These include Argentina, Chile, and Venezuela (República Bolivariana de).

c) Watch List

The Watch List consists of 24 countries, including 12 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”.

4 For more information about Special 301 Report, background and process go to https://ustr.gov/sites/default/files/2015-Special-301-Report-FINAL.pdf

5 The 2015 Federal Register notice — and post-hearing comment period — drew submissions from 55 interested parties, including 21 trading partner governments.

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
	Guatemala
	Jamaica
	Mexico
	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. However, Paraguay signed a Memorandum of Understanding with the U.S in June 2015, after which the USTR removed Paraguay from the 2015 "Special 301"watch list. Subsequently, Paraguay has committed, under the MOU, to strengthen IPR protection and enforcement in Paraguay.

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

As of July 2015, the United States has brought 136 complaints to the WTO Dispute Settlement Body since it became WTO member in 1995. Of these 136 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).

In contrast, Table V.6 below shows WTO Disputes with Latin America and the Caribbean as complainant where 31 complaints were made against the United States.

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. 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.

The US subsequently appealed the panel's findings regarding Article 2.1, but that appeal was rejected on 18 May 2015. The Appellant Body confirmed that the amended COOL measure would increase the record-keeping burden for imported livestock, and thus cause measurable impact to Canadian and Mexican exports. On 4 June 2015, Canada requested authorization from the WTO Dispute Settlement Body to suspend the application of certain tariff concessions and related obligations to the United States stemming from the measurable impact COOL legislation would have. The US subsequently took this to arbitration on 17 June 2015.[6]

On December 7, 2015 the WTO arbitrator ruled in favor of both Canada and Mexico. The arbitrator found that nullification or impairment of benefits to Canadian producers was roughly US$ 1 Billion annually in the case of Canada, and roughly US$227 million in the case of Mexico. If the U.S. government does not repeal or amend COOL legislation, both Mexico and Canada can pursue selective retaliatory surtaxes on U.S. imports. This ruling cannot be appealed further, and will now be sent for formal approval by the WTO's dispute settlement body.

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#*

2. 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.

6 On June 6th, 2015 the US Congress passed Bill H.R.2393 that would remove the COOL requirements for Beef, Pork and Chicken, but as of November 2015 the Bill has not been passed through the Senate and therefore Canada and Mexico can still proceed with arbitration through the WTO.

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.

A notice from the U.S. DoC on December 19th, 2015 confirmed that the DoC had finalized an agreement with Mexican authorities and subsequently dropped the AD and CVD investigations pertaining to Mexican sugar. The AD suspension agreement set a minimum price level for Mexican sugar being sold in the United States, and the CVD suspension imposed specific volume controls on various forms of sugar imports from Mexico, as well as a total volume limitation.

On January 8th, 2015, two American sugar refineries filed for review of the DoC AD and CVD suspensions. The refineries claimed that the suspension agreements did not eliminate the injury to domestic production because it imposed import restrictions and price increases on inputs that they deemed necessary for their production of refined sugar. The International Trade Commission dismissed this line of reasoning on the grounds that this was not the kind of injurious effect that the Tariff Act was calling them to consider. As the refineries were not claiming that continued low price imports were competing with their final merchandise and forcing down its market price, but rather that the new import volume limits and price floors were driving up the cost of inputs, the commission upheld the DoC suspension agreements.

The ITC ultimately upheld the DoC suspension agreements on the basis that there was indeed quantifiable decreases in the prices of domestic merchandise during the period before the initiation of the investigation, and that the suspension agreement would mitigate the effects of the sugar imports on domestic production. The two refineries subsequently sued the ITC at the Court of International Trade in New York over the final determination, and that case is expected to continue well into 2016.

On November 10th the USDA released a report that indicated that Mexican sugar exports would exceed the 2015 limits set under the suspension agreements by 20,865 metric tons. By exceeding the limits that were determined by a formula set out in the suspension agreements, Mexico is in violation of said agreements. However, this violation does not cause the agreements to be terminated; rather The U.S. Department of Commerce may now choose to punish the exporters that violated the limits by reducing their allocations in the future and further negotiate with Mexican authorities.

Link to the USITC Report:
USITC Investigation review April 2015
http://www.usitc.gov/publications/701_731/pub4523.pdf

3. Guatemala – US Labor enforcement case

On 6 March 2014, U.S. Trade Representatives and the U.S. Secretary of Labor met with the Guatemalan Trade Minister, and Labor Minister 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

Link to WTO Dispute Settlement Summary:
https://www.wto.org/english/tratop_e/dispu_e/cases_e/1pagesum_e/ds285sum_e.pdf

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#

Link to USTR Statement:
https://ustr.gov/about-us/policy-offices/press-office/press-releases/2015/july/joint-press-statement-

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 maintaining that Guatemala has breached Article 16.2.1(a) which, according to Tradewinds, requires each Party to “not fail to effectively enforce its labor laws through a sustained or recurring course of action or inaction in a manner affecting trade between the Parties.” The written submission was filed on November 3, 2014 by the U.S. Both parties rejected each other’s position in a period of three months. The last hearing took place in Guatemala City on June 2, 2015 which is considered the “first-ever labor enforcement case brought under a U.S. trade agreement”acording to Tradewinds (The Official Blog of The United States Trade Representative).

Link to USTR case web page:
https://ustr.gov/issue-areas/labor/bilateral-and-regional-trade-agreements/guatemala-submission-under-cafta-dr

4. 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, the Prime Minister of Antigua & Barbuda met US Trade Representatives for bilateral talks to resolve the trade dispute. The day before in his address at the UN General

The Prime Minister 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. Subsequently, on July 28th, 2015 representatives from both countries met in what was deemed productive explorations into ways that a final agreement could be reached. Both sides committed to undertaking further discussions at a later date.

5. 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.

According to the WTO, on 15 January 2015, the Appellate Body issued the Reports and at the DSB meeting on 23 February 2015, Argentina agreed to comply with DSB's recommendations and rulings while obeying WTO's obligations during a reasonable period of time. On July 2nd, 2015 this reasonable period of time was determined to be 11 months and 5 days from the date of adoption of the Appellate Body and panel reports (December 31, 2015).

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#

6. Mexico Pilot Truck Program

On 14 October 2014, a three-year pilot program allowing full access for Mexican trucks to U.S. roads expired. The U.S. Department of Transportation (DoT) announced on 9 January 2015 that Mexican motor carriers are now allowed to request for authorization to conduct long-haul, cross-border trucking services in the United States beyond the current 20 to 25 mile limit past the border. The new trucking program has certain requirements that Mexican trucking companies have to comply with in other to be able to benefit from the program.[7] According to FMCSA, this policy has the ultimate goal of permanently terminating "more than $2 billion in annual retaliatory tariffs" of American goods imposed by Mexico in 2009.

Link to DoT case webpage:

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

7 For more background on the updated U.S.-Mexico cross-border trucking program go to the Federal Motor Carrier Safety Administration: http://www.fmcsa.dot.gov/newsroom/united-states-expand-trade-opportunities-mexico-through-safe-cross-border-trucking.

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 2016 are estimated at $148 billion. Roughly 83 percent of outlays, about $123 billion in 2016, are associated with mandatory programs that provide services as required by law (USDA, 2015).

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 budget for FY 2016 is about US$ 303 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 2016, the same amount as provided in 2015 (USDA, 2015).

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 2016 (USDA, 2015).

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 2016.

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 a per capita income level below the level for upper middle-income countries as determined by the World Bank, as well as a population of 1 million or greater (GPO, 2015).

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 (USDA 2015).

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 2016, US$ 5.4 billion will be made available through the GSM-102 program which provides guarantees on commercial export credit extended with short-term repayment terms (18 months). The remaining part of the budget (US$ 100 million) will be used for facility financing guarantees (USDA 2015).

Mexico had the most guarantee funds amounting to US$ 252 million in FY 2014 and includes credit for the commodities of corn gluten meal, rice, soybean meal, soybeans, wheat, and yellow corn. In Mexico, Central America and South America, yellow corn receives the most funding, while rice receive the most funding for the Caribbean region (USDA FAS, 2015).

TABLE V.7
EXPORT CREDIT GUARANTEE PROGRAM ACTIVITY FOR GSM-102
ALLOCATION AND APPLICATION FOR COVERAGE FISCAL YEAR 2014
(As of September 2014 - US$ in millions)

Country/Commodity (Maximum credit period in months)	Registration Guarantee Value
Caribbean	**114.5**
Rice	54.0
Soybean Meal	32.3
Soybean Oil	11.1
Yellow Corn	17.1
Central America	**242.2**
Dist. Dry Grain	3.4
Rice	9.3
Soybean Hull Pellets	0.4
Soybean Meal	79.5
Soybean Oil	11.3
Soybeans	13.1
Wheat	18.5
Yellow Corn	106.7
Mexico	**252.3**
Corn Gluten Meal	0.6
Rice	30.5
Soybean Meal	9.2
Soybeans	51.3
Wheat	71.4
Yellow Corn	89.3
South America Region	**403.9**
Corn Gluten Meal	14.7
Dist. Dry Grain	1.1
Rice	41.3
Soybean Meal	90.1
Soybean Oil	10.0
Soybeans	15.0
Wheat	35.6
White Corn	5.1
Yellow Corn	191.0
Total (Latin American Region)	**1 012.9**

Source: USDA "Summary of Export Credit Guarantee Program Registered Guarantees FY 2014" (As of September 2014)

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 2016 (USDA, 2015).

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 2016 Tariff-Rate Quota (TRQ) for raw cane sugar was set at 1,117,195 Metric Tons Raw Value (MTRV) and 132,000 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.8 shows the raw cane sugar TRQ allocations and usage rates for Latin America and Caribbean sugar providing countries for FY 2014 and FY 2015. On 2 September 2014 the Office of the USTR announced the first country TRQ allocations for FY 2015 with effective date 1 October 2014. The allocations for all Latin American and Caribbean Countries added up to 1,117,195 metric tons raw value (MTRV). On June 2015 the USTR announced country-specific reallocations for FY 2015 of 157,937 MTRV of the original TRQ for countries that will not be able to fill previously allocated raw cane sugar from which 111,316 MTRV in Latin America and the Caribbean.

Table V.8
U.S. RAW CANE SUGAR TRQ ALLOCATIONS AND USAGE
(Metric tons)

	FY2014				FY2015			
Country	Original TRQ Allocation	FY 2014 Allocation: 7/7/2014	Quantity Entered (to date: Sep-14)	Allocation Filled (%)	Original TRQ Allocation	FY 2015 Reallocation	Quantity Entered (to date: Jun-15)	Allocation Filled (%)
Argentina	45 281	49 804	21 021	46.42	45 281	11 263	45 108	99.62
Barbados	7 371	7 371	0	0	7 371	1 834	7 371	100
Belize	11 584	12 741	7 794	67.28	11 584	2 881	11 584	100
Bolivia (Plurinational State of)	8 424	9 265	0	0	8 424	0	0	0
Brazil	152 691	167 942	167 374	100	152 691	37 978	153 657	100
Colombia	25 273	27 797	26 800	100	25 273	6 286	20 217	79.99
Costa Rica	15 796	17 374	17 374	100	15 796	3 929	0	0
Dominican Republic	185 335	203 847	110 619	59.69	185 335	0	162 387	87.62
Ecuador	11 584	12 741	12 207	100	11 584	2 881	11 584	100
El Salvador	27 379	30 114	29 986	100	27 379	6 810	27 350	99.89
Guatemala	50 546	55 595	53 908	100	50 546	12 572	45 041	89.11
Guyana	12 636	13 898	11 800	93.38	12 636	3 143	9 127	72.23
Haiti	7 258	7 258	0	0	7 258	0	0	0
Honduras	10 530	11 582	11 464	100	10 530	2 619	13 149	100
Jamaica	11 584	12 741	11 499	99.27	11 584	2 881	11 584	100
Mexico	7 258	7 258	0	0	7 258	0	0	0
Nicaragua	22 114	24 323	24 323	100	22 114	5 500	22 114	100
Panama	30 538	33 588	23 589	77.24	30 538	0	17 095	55.98
Paraguay	7 258	7 258	2 812	38.74	7 258	0	4 183	57.63
Peru	43 175	47 487	44 888	100	43 175	10 739	19 301	44.70
St. Kitts and Nevis	7 258	7 258	0	0	7 258	0	0	0
Trinidad & Tobago	7 371	7 371	0	0	7 371	0	0	0
Uruguay	7 258	7 258	0	0	7 258	0	0	0
All LAC sugar Under TRQs	**715 502**	**781 871**	**580 852**	**74.29**	**571 235**	**111 316**	**580 852**	**70.25**

Source: United States Customs and Border Protection, Office of the United States Trade Representative, Weekly Commodity Status Report on USDA, Economic Research Service, Sugar and Sweeteners: Recommended Data: Table 57e and 57f, as of 28 July 2015.

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 2015.

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.9 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, 2014 and 2015.

TABLE V.9
U.S. IMPORTS OF SUGAR AND SUGAR CONTAINING PRODUCTS UNDER THE FREE TRADE AGREEMENTS FOR FISCAL YEARS 2012, 2013, 2014, AND 2015

(Metric ton, raw value)

	FY 2012	FY 2013	FY 2014	FY 2015[c]
CAFTA DR				
Dominican Republic	54	113	15	32
El Salvador	16 929	47 053	31 620	29 652
Guatemala	59 089	22 535	50 236	36 452
Honduras	7 393	10 684	7 379	6 983
Nicaragua	21 866	27 755	24 947	25 931
Costa Rica [a]	15 680	13 384	1 510	24 230
Total CAFTA-DR	121 011	121 524	117 164	126 335
NAFTA				
Mexico	971 859	1 927 201	1 822 617	1 387 993
Total NAFTA	971 859	1 927 201	1 822 617	1 387 993
Other TRQs				
Peru	0	516	0	0
Panama	n/a	5 566[b]	3 000	5 776
Colombia[b]	29 895	22 156	30 321	62 896
Total	**1 122 765**	**2 076 963**	**1 971 645**	**1 579 945**

Source:

USDA Foreign Agricultural Service, Sugar Monthly Import and Re-Export Data, as of 6 November, 2015

a Includes the value for "Costa Rica special".
b The Trade Promotion Agreement between the U.S. and Colombia was implemented on 15/05/2012.
c Entries to date (November 2015).

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