## OVERVIEW

1. The U.S. trade and investment regimes are among the most open in the world, and have remained so throughout the period under review. Like most other WTO Members, the United States very largely resisted pressures to respond to the global economic recession by tightening restrictions on imports. The restraint shown by the United States helped forestall a worldwide slide into protectionism.

2. Border measures such as tariffs and quantitative restrictions have remained broadly unchanged since the previous Review of the United States, illustrating the overall stability of its trade regime. At 4.8%, the simple average applied MFN tariff is the same as in late 2007, when the recession started. The United States abolished quotas on imports of several categories of textiles and apparel from China in December 2008. Remaining quantitative restrictions and controls on imports are maintained to protect health, safety, or the environment, or for foreign policy purposes. These restrictions include a new ban on imports of plants taken in violation of foreign laws. Export regulations, used for foreign policy and security reasons, have not changed, although a major review is currently under way.

3. The limited changes made during the period under review to trade border measures related mostly to contingency measures. In September 2009, the President made a determination under safeguard legislation to apply additional duties on tyre imports from China for three years. This followed the U.S. International Trade Commission's determination that imports of passenger vehicle and light truck tyres from China were being imported "in such increased quantities or under such conditions as to cause market disruption to the domestic producers".

4. Regarding other contingency measures, the United States had 246 anti-dumping duty (AD) orders in effect in December 2009, 22 more than in December 2007. These affect imports from 40 countries or territories. While AD investigation initiations in 2008-09 remained well below the peak of 2007, the share of investigations that result in final AD orders has increased since then. A 2007 decision by the United States changed its long-standing policy of not applying countervailing duties (CVD) on China. CVD investigation initiations almost tripled, on average, between 2004-06 and 2007-09. CVD final orders increased from 31 in 2007 to 41 in December 2009.

5. The overall stability and openness of the U.S. trade and investment regime during the period under review did not prevent a steep fall in U.S. trade. Between the third quarter of 2008 and the second quarter of 2009, imports of goods decreased almost 35%. Imports of consumer durables and capital goods were particularly affected, as consumers delayed purchases of durables amid a sharp reduction in wealth resulting from the downturn in the housing and equity markets, and growing uncertainty in financial markets. U.S. firms shelved investment plans in response to lower consumer demand and higher capital costs, reducing demand for capital good imports. Exports of goods also declined, albeit at a slower pace, reflecting the slowdown in global demand. With imports falling more rapidly than exports, the U.S. current account deficit narrowed sharply, from a peak of 6% of GDP in 2006 to slightly less than 3% of GDP in 2009.

6. The Administration considers that a sustainable recovery from the recession will require some rebalancing of the economy towards increased investment and exports and away from household consumption as the main basis for economic growth. Over the past two years, trade policy has focused on enhancing export promotion, along with monitoring and enforcement of trading partners' commitments under international agreements. In his State of the Union Address in January 2010, the U.S. President set a goal of doubling exports over the next five years.

7. As part of their efforts to rebalance the economy away from household consumption,

the authorities are committed to increasing the national savings rate in part through a reduction in the fiscal deficit and improved financial regulation. In addition, the authorities consider that a shift toward increased consumption in countries with current account surpluses could bring the U.S. current account deficit toward its mid 1990s level of roughly 1-2% of GDP.

8. The Administration is using trade and investment policy in support of economic recovery and rebalancing. Specifically, U.S. trade policy is seeking to encourage export growth by allocating additional resources to export promotion activities, and to monitoring and enforcing partners' trade commitments. These activities are part of a new National Export Initiative implemented to help achieve the goal of doubling exports in the next five years.

9. There has been a marked slowdown in the pace of negotiating free-trade agreements (FTAs) by the United States during the review period. FTAs with three countries became effective: Costa Rica (part of the Dominican Republic-Central America FTA); Oman; and Peru. The negotiations on these FTAs had been completed before the period under review. The United States has FTAs in force with 17 countries. The Administration has not yet submitted for Congressional consideration three FTAs signed before 2008 but still awaiting ratification.

10. Some anti-recession measures included provisions that favoured domestic suppliers of goods and services. These measures included sizeable assistance to selected sectors, particularly the financial and automotive sectors, with provisions to avoid "leakage" of assistance outside of the United States. For example, in their loan agreements with the U.S. Treasury Department, two large domestic car manufacturers agreed to maintain specified levels of production in the United States. These loans were part of an US$85 billion programme that sought to "prevent a significant disruption of the American automotive industry, which would pose a systemic risk to financial market stability and have a negative effect on the economy of the United States".

11. Furthermore, domestic preferences were incorporated into the US$787 billion fiscal stimulus package of early 2009 to ensure that the manufacture of iron, steel, and manufactured goods used as construction materials in public projects funded with stimulus dollars is performed in the United States. These domestic preferences, which must be applied in accordance with U.S. international commitments, are more restrictive than long-standing domestic preferences used in federal procurement under the Buy American Act of 1933.

12. Aside from anti-recession policies, new measures affecting trade during the period under review involved certain measures to address security and safety concerns. The United States also adopted new farm legislation.

13. Among the measures to increase the safety of imports are new advance information requirements for cargo arriving in the United States by vessel under the so-called "10+2" rule. Regarding the requirement to scan 100% of containers prior to loading them on U.S.-bound vessels, the Secretary of Homeland Security has indicated that this security initiative was currently unworkable at many ports, and that she would seek the extensions authorized by law to delay its implementation beyond 2012.

14. In an effort to increase the safety of thousands of consumer products, including all those for children aged 12 or less, the Consumer Product Safety Improvement Act of 2008 introduced a wide range of regulatory and enforcement measures for domestic and imported goods. Among the measures are new product regulations, labelling and third-party testing requirements, and border controls.

15. The 2008 Farm Act maintained, with some changes, most of the policies in the 2002 Act with some new programmes introduced

and some adjustment to payment rates. Like previous Farm Acts, most of the support under the 2008 Farm Act is not for farming but for nutrition programmes for low-income families and a large portion of the funding that is for farmers is decoupled from production. However, of the support that remains, most is linked to prices and/or production and producers of cereals, oilseeds, and cotton are effectively insulated from market prices while sugar and dairy have market price support programmes. Overall, support for agriculture in the United States, as a percentage of the value of production, remains low compared with other OECD countries and some non-OECD countries. However, the large size of the agriculture sector means that the absolute amount of support is considerable, varies from one year to another depending on prices, and can affect world markets.

16. To ensure that trade policy supports economic recovery and rebalancing more effectively, the United States should maintain the emphasis on the contribution that open and transparent trade and investment regimes can make to productivity, a key ingredient of export success. Export promotion should be complemented by continued reduction in remaining restrictions on market access and other distorting measures, in line with Members' observations during the previous Review of the United States, including with respect to U.S. tariff peaks, support for agriculture, and remaining barriers to services trade and investment.

17. Pursuing liberalization on an MFN basis could provide the United States with the added advantage of helping reduce the future risks of protectionist measures at home and abroad, and reaffirm the U.S. leadership role that has been a crucial element in advancing the objectives of the multilateral trading system since its inception.