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2010 U.S. Trade Agenda White Paper Briefing

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The 2010 U.S. Trade Agenda White Paper Briefing Trade and Legislative Affairs

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INTRODUCTION

This year has the potential to be much more dynamic for the US Trade Agenda than 2009. Unfortunately, that is mainly because there was little to no action on trade initiatives for most of last year. The pending free trade agreements (FTAs) with Colombia, Korea and Panama remain stalled at the President's desk; a consensus on Doha is still far out of reach; trade preference reform has been delayed; and even usually less controversial, temporary duty suspensions in the Miscellaneous Tariff Bill (MTB) were allowed to expire without a vote. The few areas of progress, such as the announcement of a Trans-Pacific Partnership (TPP), the renewal of GSP and ATPA programs, and the negotiations under the Anti-Counterfeiting Trade Agreement (ACTA) came primarily late in 2009.

While there was lack of movement on market openings and economic partnerships, there were other legislative and regulatory issues that had an impact on trade in 2009. These actions were mainly to strengthen the enforcement of previous agreements and to establish a new set of rules to differentiate this Administration from the last. The US government efforts were highly focused on strengthening food and product safety, and pressuring other governments to adhere to higher labor and environmental standards. The US Congress also established new "Buy American" provisions, the ripple effects of which are still being felt. On the environmental front, the House of Representatives passed "cap and trade" legislation that seeks to impose limits on the amount of pollutants released by factories. If implemented, this legislation could have major implications for US trading relationships.

Looking ahead into this year, one of the most anticipated trade debates for the year will be the discussion of Generalized System of Preferences (GSP) reform. The progress of the TPP will also deserve particular attention. Other key legislative efforts to keep watch for throughout the year will include customs reauthorization, stricter labor standards, and new developments in the China-US relationship. In general, we expect a continuation of measures adding greater enforcement mechanisms to all trade-related matters by both Congress and the Administration.

ADMINISTRATION FOCUS IN 2010

PENDING FREE TRADE AGREEMENTS

In 2009, there was no significant movement in Congress on the three FTAs signed under the Bush administration. The Obama administration continues to send mixed signals about its desire to move these agreements forward. On the one hand, President Obama and his trade representative, Ron Kirk, have at times spoken favorably about the commercial and political benefits of these agreements. Most recently, President Obama's State of the Union address to Congress characterized these agreements as a way to promote U.S. exports. However, the administration has also been critical of various aspects of the agreements and at times even critical of the governments of the partner countries.

Colombia

The Colombia FTA was the first of the three pending agreements to be signed. Claims of systematic violence against labor organizations in Colombia and a lack of prosecutions against the perpetrators are usually the most often cited reasons for not advancing the agreement. The Colombian government has tried to refute these arguments by citing sharp decreases in labor violence in the last ten years, but there is no clear indication yet as to how U.S. policymakers will measure progress on this issue. Further, several industries in Colombia were named in the Labor Department's Trafficking Victims Protection Reauthorization Act (TVPRA) list as having used child or forced labor, providing opponents with more reasons to object to implementation of the FTA. The argument that Colombia is a key geopolitical ally for the U.S. in Latin America seems to be insufficient to assure passage of the agreement.

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