

TRADE TODAY

TRADE ISSUES AFFECTING AMERICA'S ECONOMY

*U.S. Congressman Kevin Brady
Ranking Member, Ways & Means Trade Subcommittee*

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Global Trade Barriers Continue to Climb

- After House votes to impose border tariffs, India announces it will not accept legally binding carbon emissions target – even at December summit in Copenhagen
- WTO sees increases in barriers to trade; says global economy contracting more than earlier predicted
- Protectionism could cause extended harm, according to the World Bank

On a positive note...

- U.S. files trade case against China on export controls
- U.S. continues important anti-counterfeiting negotiations

India. India says it will not accept a mandated greenhouse gas emissions reduction target at the approaching U.N. climate change summit in Copenhagen this December. According to the Indian Minister of State for Environment and Forests Jaraim Ramesh at a press conference in New Delhi on June 30, after House passage of climate legislation imposing border measures, **“India will not accept any legally enforceable targets. This is a non-negotiable stand.”**

WTO. The WTO recorded **83 trade-restricting measures** undertaken by 24 countries and the EU over the past three months, according to a recent World Trade Organization report. Governments around the world continue to increase trade barriers despite pledges to resist protectionism, the WTO found. The WTO has lowered its forecast for world trade – now predicting a **10 percent contraction** in the volume of goods and services traded. Global output is projected to fall by 2.9 percent, and private capital flows are expected to decline from \$707 billion in 2008 to \$363 billion in 2009. Developing countries will be hit hard by falls in private investment, seeing nearly \$1 trillion less in foreign investment this year than they did two years ago.

TRADE FACT OF THE WEEK



In 2008, American exports accounted for **13 percent of U.S. GDP.**

Foreign protectionism and retaliation against U.S. protectionism threaten American access to international markets – which account for **95 percent of the world's consumers.**

continued...

World Bank. According to the World Bank, **more governments could seek to limit trade in the coming months.** World Bank President Robert Zoellick warned a conference at the World Trade Organization in Geneva, “High-income countries have used subsidies for troubled industries, while low-income countries are using selective increases in border barriers... These trends could easily spin out of control in coming months as unemployment rises and one country feels compelled to respond tit-for-tat to the policies of another.”

China. On June 23, the U.S. Trade Representative (USTR) announced that the United States and the European Union have requested WTO dispute settlement consultations with China regarding its export restraints on numerous important raw materials. China has imposed several different export restraints, including export quotas, export duties and other export related administrative measures and costs that limit exporter access to these raw materials and raise world market prices on key inputs for products in the chemical, aluminum, and steel sectors. The determination to request consultations was brought after USTR launched an internal investigation in early 2008.

Anti-counterfeiting negotiations. Last month, USTR announced that the United States will continue the Anti-Counterfeiting Trade Agreement (ACTA) negotiations begun in the Bush Administration. The ACTA talks are aimed at establishing common international standards for intellectual property rights (IPR) enforcement to combat piracy and counterfeiting.

REAL-WORLD STIMULUS IGNORED

Despite the global economic downturn and rising threat of protectionism, the Obama Administration continues to ignore three trade agreements (with Colombia, Panama, and South Korea) that would level the playing field for American companies. As of June 30, 2009, **all three agreements have been shelved for more than two years – costing American exporters billions of dollars** in tariffs paid to trading partners that would be eliminated with implementation of the pending agreements.

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For more information, contact Angela Ellard, GOP Chief Trade Counsel, Ways & Means Committee:
Angela.Ellard@mail.house.gov.

FTA WATCH



Days since the pending trade promotion agreements were signed:

- Colombia – 960 days**
- Panama – 740 days**
- South Korea – 738 days**

Cost of delay to U.S. exporters for the Colombia agreement alone:

MORE THAN \$2 billion