
**DEPARTMENT OF ECONOMIC AND COMMUNITY DEVELOPMENT
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WORLD TRADE ORGANIZATION

- U.S. Trade Representative Ron Kirk announced that a WTO dispute settlement panel upheld the U.S. claim that the EU violated its WTO tariff commitments by imposing duties as high as 14% on three high-tech products. For all three products at issue – flat panel computer monitors, multifunction printers, and certain cable, satellite, and other set-top boxes – the Panel concluded that the EU tariffs were inconsistent with its obligations. The report helps ensure that U.S. producers of high-tech products will continue to be able to export those products to Europe duty-free as guaranteed by commitments made by the EU following the WTO Information Technology Agreement (ITA).

MANUFACTURING

- The first of Boeing's long-awaited 787 Dreamliner aircraft will not be delivered until early 2011, adding to a string of delays that has dogged the project and set back the introduction of the 300-seat jet by more than two years. Boeing cited problems with the availability of a Rolls-Royce engine, needed for the final phases of test flights this autumn, as the reason for the delay. This will push back delivery of the first aircraft to its maiden customer, All Nippon Airways of Japan, to around the middle of the first quarter of next year.

TRADE

- Russia announced that it would ban grain exports through the end of the year, in response to a drought that has destroyed millions of acres of Russian wheat and hobbled the country's agricultural revival. The ban on grain exports by Russia, one of the world's largest wheat producers, helped propel wheat prices in the U.S. toward their highest levels in nearly two years and raised the prospect that consumers could pay more for products like flour and bread as Russia tries to conserve its supplies of wheat, barley and other grains for its own people.
- U.S. Trade Representative Ron Kirk opened the Ninth U.S.-Sub-Saharan Africa Trade and Economic Cooperation Forum, better known as "the AGOA Forum." In attendance were cabinet ministers and senior officials from the 38 sub-Saharan African countries that benefit from the African Growth and Opportunity (AGO) trade preference program, as well as representatives of African regional economic communities and the American and African private sector. During his remarks, Ambassador Kirk observed that AGOA has helped support African economic development by opening the U.S. market to a greater diversity of African products, including value-added and processed goods.
- USTR Kirk announced that the U.S. will file a case against Guatemala under the Dominican Republic-Central America-United States Free Trade Agreement (CAFTA-DR), for apparent violations of obligations on labor rights. It marks the first labor case the U.S. has ever brought against a trade agreement partner.
- President Obama plans to ease restrictions on selling products with military applications to foreign buyers as part of a restructuring of U.S. export rules that companies said were too broad and burdensome. Obama will announce the changes that will create narrower and more consistent rules for defense, technology and aerospace products, in a video message to an export-control conference. A yearlong review by Defense Secretary Robert Gates led to the refining of

rules that were largely set to keep dual-use technology including encryption software and airplane parts out of the hands of military adversaries. Businesses complained that the list of prohibited products was too long and out of date, and found it hard to tell if they were subject to the ban. At the center of the new approach is a three-tier licensing system that will have stricter controls only for items that have direct warfare applications, the officials said. Restrictions will be looser for less military-sensitive products such as the brake pads used on tanks. Additional changes, including the development of a single licensing agency, will require congressional approval, the officials said. Currently, the Commerce Department and State Department administer different parts of the export-control rules with the input of the Defense Department and other agencies. Obama plans to issue an executive order to establish the “Export Enforcement Coordination Center,” the officials said. The center will have a mandate to improve enforcement and coordination between agencies and departments.

- The U.S. international trade deficit increased to \$49.9 billion in June from \$42.0 billion (revised) in May, as imports increased and exports decreased.

REGIONAL

NORTH AMERICA

- Private employers added 71,000 jobs in July, up from a downwardly revised 31,000 in June but below the consensus forecast of 90,000. The unemployment rate stayed steady at 9.5%. Over all, the nation lost 131,000 jobs last month, but those losses came as 143,000 Census Bureau workers left their temporary posts, the Labor Department reported. June’s number was revised dramatically downward to a total loss of 221,000 jobs. The agency originally reported that the nation lost 125,000 jobs in June.
- Connecticut’s unemployment rate ticked up from 8.8% to 8.9% in July, as Census and local government layoffs overshadowed private sector growth.
- Consumer spending rose 0.4% in July after three lackluster months, the Commerce Department reported. Spending fell 0.1% in April, rose 0.1% in May and was flat in June.
- The government lowered its estimate of economic growth in the second quarter to an annual rate of 1.6%, after originally reporting last month that growth in the three-month period was 2.4%. The revision is a significant slowdown from the annual rate of 3.7% in the first quarter and 5% in the last three months of 2009. Existing home sales in July were down to their lowest level in a decade, and sales of new homes that month were at their lowest level since the government began tracking such data in 1963. Orders for large factory goods, excluding the volatile transportation sector, dropped in July, indicating that recovery in the manufacturing sector is also stalling.

ASIA

- Japan lost its place as the world’s #2 economy to China in the second quarter as receding global growth sapped momentum. The figures underscore China’s emergence as an economic power that is changing everything from the global balance of military and financial power to how cars are designed. It is already the biggest exporter, auto buyer and steel producer, and its global influence is expanding.