
**DEPARTMENT OF ECONOMIC AND COMMUNITY DEVELOPMENT
OFFICE OF INTERNATIONAL AND DOMESTIC AFFAIRS
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WORLD TRADE ORGANIZATION

- The WTO says it will delay its interim decision on alleged illegal subsidies to Boeing, angering the European Commission and other Airbus backers. Last month, the WTO sided with Boeing in a case brought by the U.S. government against Airbus, and Europe had hoped for a quick decision on its counterclaim in order to sway public opinion in the long-running dispute.

MANUFACTURING

- Aircraft orders at this year's Farnborough Air Show were up more than 300% compared with last year's sister show near Paris, another sign that the airline industry is coming out of its recession-induced belt-tightening mode. But observers note that a majority of purchases were made by leasing companies, signaling a shift in the business model of the airline industry.
- The Commerce Department reported that demand for U.S. durable goods fell 1% in June. Excluding the volatile transportation sector, new orders decreased 0.6%. It was the second consecutive monthly decrease.

TRADE

- As the Obama administration works to upgrade the country's outdated export control system, an independent agency is being established to merge all export licensing activities under a board of directors that will report to the president, according to National Security Adviser James Jones. The new agency's board of directors will be comprised of the Cabinet officials of the departments with oversight of export controls. Those Cabinet members include the secretaries of the departments of Defense, State, Commerce, Treasury and Homeland Security. The Obama administration is aiming to approach reform in three phases over the next year. First, the administration will use its executive authority to transition to a single list and single licensing agency by establishing criteria for a tiered control list. It will also launch an integrated enforcement center. The second step will be to complete the transition to a single IT structure, implement the tiered control list and make "substantial progress" toward a single licensing system, Gates explained. The third and most difficult step will be to win congressional backing for the overhaul. The administration will need legislation to create the single licensing agency and a single enforcement coordination agency.
- The U.S. held trade and investments talks with Angola. Issues discussed included the African Growth and Opportunity Act (AGOA), investment challenges, transportation, telecommunications, intellectual property rights, trade capacity building, and technical assistance. In the talks, Ambassador Liser co-chaired the first round of trade and investment meetings under the United States- Angola Trade and Investment Framework Agreement (TIFA), focusing on bilateral trade, implantation of AGOA, the business environment, agri-business projects and development, and trade related transportation and infrastructure matters.
- The U.S. International Trade Commission (USITC) reported that the U.S. remained the world's largest services market as well as the world's leading exporter and importer of services in 2008. The nation's service trade surplus is the largest in the world, growing to \$161.4 billion in 2008, an all time high. Infrastructure services are a significant factor in U.S. services trade, accounting for 27% of cross-border services exports in 2008.

- Secretary of Commerce for International Trade Francisco Sánchez announced the Growth in Emerging Metropolitan Sectors (GEMS) initiative at a recent seminar in Washington. This initiative will work to strengthen the commercial ties between the United States and India as the Indian demand for U.S. goods and services is rising and leading to a growing bilateral trade between the two nations. India is being targeted as one of the promising markets to help support President Obama's National Export Initiative (a plan developed to double exports in the next five years).
- The Office of the United States Trade Representative released a statement by the Anti-Counterfeiting Agreement (ACTA) negotiating partners after the recent ninth round of ACTA negotiations in Lucerne, Switzerland. The session was attended by representatives from Australia, Canada, the European Union, Japan, Korea, Mexico, Morocco, New Zealand, Singapore, Switzerland and the U.S. The round's participants highlighted the significance of ACTA in establishing an international framework in which these countries can fight the proliferation of counterfeiting and piracy. The statement by the partners made clear that the ACTA is not intended to include new intellectual property rights or to expand or decrease already existing intellectual property rights. The agreement will not conflict with a signatory's ability to respect fundamental rights and liberties and will follow the WTO Agreement on Trade Related Aspects of Property Rights (TRIPS Agreement) as well as the Declaration on TRIPS and Public Health.
- The nation's international trade deficit in goods and services increased to \$42.3 billion in May from \$40.3 billion (revised) in April, as imports increased more than exports.

REGIONAL

NORTH AMERICA

- Northrop Grumman has made it official that the company will relocate its headquarters from Los Angeles to Falls Church, Va., next summer. The company has purchased an existing building in the Washington, D.C., suburb, which beat out locations in Washington and Maryland to host the defense giant.
- Airbus expects to get an edge on Boeing in its bid for a \$35 billion contract with the U.S. Defense Department to build aerial refueling tankers when it starts delivering the first of six working tankers to the Royal Australian Air Force in August. The plane is said to be more than 90% identical to the model that is intended for the Pentagon and closer to being ready than Boeing's version. However, Boeing says it isn't at a disadvantage, because it plans to use a design derived from tankers built in Japan and Italy.
- U.S. economic growth slowed to a 2.4% pace, its most sluggish showing in nearly a year and too weak to drive down unemployment. Consumers spent less, companies slowed their restocking of shelves and the nation's trade deficit dragged more on the economy in the April-to-June quarter.