
**DEPARTMENT OF ECONOMIC AND COMMUNITY DEVELOPMENT
INTERNATIONAL DIVISION
MONTHLY REVIEW OF TRADE AND INTERNATIONAL MATTERS
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WORLD TRADE ORGANIZATION

- The World Trade Organization ruled on Tuesday that the European plane maker, Airbus, received illegal subsidies for the \$13 billion A380 super jumbo jet and several other airplanes, hurting the American rival, Boeing, in the battle for sales, American and European officials said. The ruling affirmed the WTO's interim findings last September in response to a long-standing complaint by the U.S. over European government support of Airbus. The decision came as tensions mount over European claims of protectionism in the Pentagon's competition for a \$40 billion contract for Air Force refueling tankers.

MANUFACTURING

- Northrop Grumman has decided not to bid in the Air Force refueling tanker contract, leaving Boeing's 767, with Pratt & Whitney engines, as the sole airplane competing for the \$40 billion program.

TRADE

- The U.S. and Israel have reached an understanding that resolves several longstanding issues with Israel's intellectual property rights (IPR) regime for pharmaceutical products. These negotiations, opened in 2008 in connection with a Special 301 Out-of-Cycle Review, closed after an understanding was reached on improving data protection, the term of patents on pharmaceuticals, and provisions on publication of patent applications in Israel. In recognition of Israel's agreement to move forward on legislation to amend its IPR laws, and once the appropriate legislation is submitted to the Knesset, the U.S. Trade Representative will move Israel from the Special 301 Priority Watch List to the Watch List. In addition, as soon as the legislation is fully implemented, Israel will be moved off the Special 301 list altogether.
- The U.S. Trade Representative recognized Saudi Arabia's progress in the protection and enforcement of intellectual property rights by removing Saudi Arabia from the Special 301 Watch List. The U.S. will continue to carefully monitor Saudi Arabia's progress in improving its IPR regime, including through the successful U.S. and Saudi Arabia Trade and Investment Framework Agreement.
- The Office of the U.S. Trade Representative held a public hearing on the Special 301 review, a process that will culminate in the release of the annual Special 301 Report evaluating trading partners' intellectual property rights (IPR) protections and enforcement. The new hearing opened the floor to more than two dozen individuals representing foreign governments, non-profit organizations, and industry groups. Those individuals offered testimony to the interagency Special 301 subcommittee regarding a range of intellectual property matters, including pharmaceutical patents and digital copyright infringement. In addition to the testimony delivered at the hearing, interested parties have been invited to provide post-hearing comments on the Special 301 review online at www.regulations.gov.
- The Obama Administration delivered the President's 2010 Trade Policy Agenda and 2009 Annual Report to Congress. The Agenda and Report review the Administration's progress on trade issues and outline future objectives. President Obama has set a goal of doubling U.S. exports in the next five years to support another two million American jobs. The 2010 trade agenda explains how

the USTR will support this National Export Initiative through new market openings and trade enforcement, as part of a broader strategy that seeks to strengthen the global trading system and reflect American values as we uphold our commitments around the world. Highlights of the Agenda include key commitments to: support and strengthen a rules-based trading system; enforce American rights in the rules-based trading system; and enhance U.S. growth, job creation and innovation.

- The United States and China have reached an agreement to reopen the Chinese market to U.S. pork and pork products, U.S. Trade Representative Ron Kirk and Agriculture Secretary Tom Vilsack announced. Kirk called the agreement “a win for America’s pork producers,” adding he was pleased that China will base its decisions “on international science-based guidelines. We look forward to working cooperatively to resolve additional issues, including a resumption of trade in beef.” China agreed to remove its ban on pork products during the October 2009 JCCT meeting; the United States and China have worked to implement this commitment since that time.
- U.S. Trade Representative Ron Kirk and Indian Minister of Commerce and Industry Anand Sharma signed a “Framework for Cooperation on Trade and Investment.” This agreement strengthens bilateral cooperation and seeks to build on recent rapid growth in U.S.-India trade, which has more than doubled over the past five years. In the first significant step taken under the Framework, Ambassador Kirk and Minister Sharma also announced the launch of an initiative called “Integrating U.S. and Indian Small Businesses into the Global Supply Chain,” which will expand trade and job-creating opportunities for U.S. and Indian companies, big and small, and will directly support both President Obama’s National Export Initiative and Prime Minister Singh’s recently-introduced budget objectives.
- The U.S. international trade deficit decreased to \$37.3 billion in January 2010 from \$39.9 billion (revised) in December 2009, as imports decreased more than exports.

REGIONAL

NORTH AMERICA

- The national unemployment rate held at 9.7% in February as employers shed fewer jobs than expected, evidence that the job market may be slowly healing. The U.S. Labor Department said employers cut 36,000 jobs, below analysts’ expectations of 50,000. Analysts expected the jobless rate to rise to 9.8%.
- The Pentagon says it won’t consider European subsidies when weighing a potential bid from EADS to build the next-generation aerial refueling tanker. The World Trade Organization ruled this week that public loans to Airbus for the development of passenger jets were a violation of free trade rules, and some congressional supporters of Boeing said that should weigh against any bid by its European rival. But Defense Secretary Robert Gates disagreed, telling a House committee that the WTO ruling “gives us no basis on which to make a judgment.”

ASIA

- China expects to expand its defense spending by 7.5% to \$78 billion in 2010, compared to a 14.9% increase in 2009. The reduction is seen as a response to concerns about China’s increasing military strength.