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**DEPARTMENT OF ECONOMIC AND COMMUNITY DEVELOPMENT  
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**WORLD TRADE ORGANIZATION**

- U.S. Trade Representative Ron Kirk welcomed bilateral resolutions on issues that need to be addressed in the terms for the Russian Federation's accession to the World Trade Organization (WTO). Through a series of meetings, the U.S. and Russia have reached agreement on the substance of a number of Russian commitments that should be reflected in the final terms for its accession. These commitments relate to areas of particular importance to U.S. trade policy interests, such as intellectual property rights (IPR), government procurement, and transparency in the decision-making process on trade-related issues. Given the multilateral nature of the WTO accession process, these bilaterally-agreed solutions will be considered by other members of the Working Party on Russia's accession. In addition, the Russian Federation has enacted amendments to laws related to the protection of IPR, to reflect relevant WTO requirements and earlier commitments made to the U.S. on IPR. The U.S. welcomes this important step, which also contributes directly to completion of the WTO accession process, and looks to the effective implementation of these new laws in accordance with bilateral understandings and WTO requirements. Efforts will be required with respect to a number of important areas, such as the enforcement of intellectual property rights, trade in meat and other agricultural products, and Russia's regulation of imports of products containing encryption technology.

**MANUFACTURING**

- Orders to American factories fell in August, reflecting a big drop in demand for commercial aircraft. But outside of the volatile transportation sector, orders rose for the first time since March. The Commerce Department said that factory orders fell 0.5% in August, the third drop in the last four months. Orders had been up 0.4% in July. The weakness came from a big decline in demand for commercial aircraft and a drop in demand for motor vehicles. However, outside of transportation, orders posted a solid 0.9% increase. The strength outside of transportation reflected big gains in demand for various types of heavy machinery, like oil field drilling equipment, turbines and power generators. Demand was also up for computers and various types of electronic equipment.

## TRADE

- The U.S. Senate has ratified a three-way treaty with Britain and Australia to make it easier for the countries to trade military hardware, which could boost U.S. exports. Called the Defense Trade Cooperation Treaty, the agreement will reduce the barriers to the movement of military equipment and information between the three countries, which should also help to strengthen cooperation during combined military and counter-terrorism operations. More broadly, President Barack Obama and U.S. Defense Secretary Robert Gates are pushing for an overhaul in the regulations that govern U.S. military exports, saying the current regime is complicated and costly for both U.S. businesses and its alliances. Such rules are meant to keep advanced technology out of the hands of America's enemies, but shifting threats and a system unchanged since the Cold War have left gaps that could be exploited by adversaries, while also frustrating allies, according to experts.
- The Office of the United States Trade Representative announced that the U.S. has requested that the North American Free Trade Agreement (NAFTA) Free Trade Commission establish a dispute settlement panel regarding Mexico's decision not to move its "dolphin safe" labeling dispute from the World Trade Organization (WTO) to the NAFTA, as requested by the U.S. and as required by Article 2005 of the NAFTA. The NAFTA requires that in certain types of disputes, if the defending party makes such a request, the NAFTA rather than any other forum should be the sole venue of the dispute. In this case, that means that the NAFTA, rather than the WTO, is the proper forum to hear a challenge by Mexico to U.S. "dolphin safe" labeling provisions for tuna and tuna products.
- U.S. Trade Representative Ron Kirk and India's Minister of Commerce and Industry Anand Sharma convened the seventh U.S.-India Trade Policy Forum (TPF). The two governments examined a range of trade and investment issues in the U.S.-India bilateral relationship and expressed their shared commitment to intensify work under the TPF, including in the coming weeks preceding President Obama's visit in November, with a view to further broadening and deepening existing economic ties.
- The U.S. international trade deficit in goods and services increased to \$46.3 billion in August from \$42.6 billion (revised) in July, as imports increased more than exports.

## REGIONAL

### CONNECTICUT

- The space systems unit of Hamilton Sundstrand in Windsor Locks has inked a contract from NASA for spacesuit support on the shuttle and the International Space Station valued at up to \$728.9 million, The Houston Business Journal reports.

### NORTH AMERICA

- A disagreement between Boeing and domestic airlines regarding the government's aircraft-export loans appears to be escalating, with both parties taking their grievances to Washington. The Air Transport Association (ATA) sent a letter to top federal officials objecting to Export-Import Bank loan guarantees that are available to foreign airlines but not to U.S. carriers. Such subsidies are "causing direct and substantial competitive harm to U.S. airlines" by artificially boosting capacity, ATA said. In a letter to lawmakers, Boeing replied that the complaints are "without merit" and that curtailing subsidies "would seriously jeopardize the U.S. aerospace industry's ability to compete."
- Treasury Secretary Timothy Geithner warned that the necessary rebalancing of the economy was "at risk of being undermined" by countries trying to prevent their currencies from rising in value. Mr. Geithner said that some of the world's biggest economies should "focus on strengthening

growth, rather than risking a premature shift to restraint” by cutting government spending too rapidly. His message — aimed at countries like China and Germany, but also an appeal for support from other major economies — came as the International Monetary Fund predicted that the world economy would grow 4.2% next year, down from the estimate of 4.8% for this year, but that “a sharper global slowdown is unlikely.” The Obama administration is looking to the I.M.F. to help bring about what months of negotiations have failed to achieve: greater exchange-rate flexibility by China. The fund slightly revised downward its projections for the United States, whose economy is projected to grow 2.6% this year and 2.3% next year. The euro area’s economy is expected to expand 1.7% this year and 1.5% next year.

- Treasury Secretary Timothy Geithner vowed that the U.S. would not devalue the dollar for export advantage, saying no country could weaken its currency to gain economic health. “It is not going to happen in this country.” Geithner broke his silence on the dollar’s protracted slide ahead of the meeting of finance leaders from the Group of 20 wealthy and emerging nations in South Korea, where rising tensions over Chinese and U.S. currency valuations are expected to take center stage.

## EUROPEAN UNION

- Rolls-Royce reported that Sir John Rose will retire from the company at the end of March 2011. He will be succeeded by John Rishton, currently Chief Executive of the Dutch retail group Royal Ahold. John Rishton has been a non-executive director of Rolls-Royce since 2007 and chairs the Audit Committee.

## ASIA

- In a move that may cool relations with its neighbor China, Taiwan is sending a top officer to the U.S. to push for the sale of F-16 fighter jets to the island nation. Taiwan’s deputy defense minister said the country badly needs the jets to update its fighters in order to defend itself.
- China said that its exports continued to surge in September and that the nation’s foreign exchange reserves ballooned last month, data that is likely to keep pressure on Beijing to appreciate its currency. The government said its monthly trade surplus reached \$16.9 billion in September, with exports up 25% and imports climbing 24%. The surplus narrowed from August, when it had reached \$20 billion, but it was still an enormous figure, analysts said. Beijing said its foreign exchange reserves soared \$194 billion in September to a record \$2.65 trillion, far more than economists had forecast. China already had, by far, the world’s largest currency reserve holdings.