SUMMARY

1. The United States has a large economy that is highly integrated with the rest of the world. After a period of stable economic growth in 2018 and 2019, when real GDP expanded by 2.9% and 2.3%, respectively, the U.S. economy suffered the effects of the COVID-19 pandemic. Real GDP contracted by 3.4% in 2020 after 11 consecutive years of expansion. The economy experienced a rapid rebound in 2021, aided by the support packages put in place by the Government and by an easing of monetary conditions. This led to a real GDP growth rate of 5.7% in 2021.

2. During most of the review period (mid-2018 to early 2022), fiscal policy continued to be expansionary. Despite solid economic growth, the federal government deficit rose from 2.8% of GDP in calendar year 2017 to 5.4% of GDP in 2019. As a response to the COVID-19 pandemic, the authorities put in place several support packages, including the Coronavirus Aid, Relief, and Economic Security Act (CARES Act), the Coronavirus Preparedness and Response Supplemental Appropriations Act of 2020, the American Rescue Plan Act of 2021 (ARP Act), the Infrastructure Investment and Jobs Act of 2021, and some parts of the Consolidated Appropriations Act of 2021, which together provided an estimated USD 8.3 billion in emergency funding for federal agencies to respond to the COVID-19 outbreak. As a result, the federal government deficit rose to 14.9% of GDP in FY2020 and to 13.9% of GDP in FY2021. Reflecting the higher deficits, public debt as a share of GDP continued to rise, to some 100%.

3. The Federal Reserve continued to conduct an expansionary monetary policy during the period under review. In response to the effects of the pandemic, the Federal Reserve committed to using its full range of policy tools to support the U.S. economy, promoting its maximum-employment and price-stability goals. In this respect, it introduced facilities to support the flow of credit, in some cases backed by the Treasury, using funds appropriated under the CARES Act. After slightly exceeding the longer-run 2% goal at times in 2018, 12-month personal consumption expenditures (PCE) inflation remained below 2% throughout 2019 and 2020 (1.3% in 2020), allowing the Federal Reserve space for a more accommodative policy. In 2021, the PCE index rose rapidly, by 5.8%, reflecting in part a sharp increase in energy prices, as well as supply shortages linked to the pandemic. Inflation accelerated in early 2022, to a year-on-year rate of 6.6% in March, driven by higher energy and food prices.

4. The U.S. current account deficit continued increasing during the period under review, moving from 2.1% to 2.9% of GDP in 2020 and 3.6% in 2021. The increase in the deficit partly reflects the disruption in trade flows due to the pandemic. U.S. imports and exports of goods declined during the initial part of the review period, but exports declined more significantly, by 14.1%, while imports declined by about half that level, by 7.9%. Thereafter, in 2021, both imports and exports recovered significantly, reaching their highest level during the period. The merchandise trade deficit, at USD 946 billion in 2018, increased to USD 1.18 trillion in 2021, its highest level during the period due to a large surge in imports. The main products traded, as well as the main sources and destinations for U.S. trade, did not change significantly during the period. Despite significant declines during the review period, the United States maintained a surplus in cross-border services trade, although it fell to USD 230 billion in 2021, the lowest level since 2012. Travel and transport were in particular negatively impacted by the COVID-19 pandemic. The European Union and the United Kingdom were the United States' main services trading partners during the period.

5. In 2021 the U.S. Administration put in place its "Build Back Better" agenda, which includes, *inter alia*, putting workers at the center of trade policy, tackling the COVID-19 pandemic, promoting a sustainable environment and climate path, promoting equitable economic growth around the world, and addressing main trading partners' economic trade practices through a comprehensive strategy. Recent legislation and initiatives have included the ARP Act that provided funding for COVID-19 vaccines and addressed medical supply chains, and several other initiatives that address supply chains more generally as well as critical infrastructure. In the WTO, the United States continues to push a robust reform agenda that has focused on reinforcing the WTO's negotiating function and on systemic issues. The United States has been active in making proposals in the fisheries subsidies and agriculture negotiations, as well as in its participation in the Joint Statement Initiatives and in the different WTO committees.

6. The United States is a party to 14 free trade agreements (FTAs) covering trade with 20 countries. The main development during the review period was the conclusion and implementation of the revised agreement with Canada and Mexico, the

United States-Mexico-Canada Agreement (USMCA), which entered into force in July 2020. There were also some amendments to the FTAs with the Republic of Korea and Morocco. In terms of unilateral preferences, the GSP program expired in December 2020 and as of March 2022 had not been renewed; the renewal of preferences under the Caribbean Basin Trade Partnership Act (CBTPA) was extended until 2030. Other agreements involving trade issues were concluded during the review period, with Japan, China, and the European Union, covering a range of products or subjects.

7. During the review period, the U.S. investment regime underwent a number of significant changes, including passing a new law and rules expanding the types of foreign investment subject to examination, the introduction of new reporting requirements for certain types of foreign direct investment, and the formalization and streamlining of the committee for the assessment of foreign investment in the telecommunications sector. A number of these changes have moved the U.S. policy direction towards greater scrutiny of foreign investment transactions on national security grounds. In terms of investment restrictions, there remain 14 main categories of long-standing requirements or restrictions on foreign investment.

8. The U.S. Customs and Border Protection (CBP) pursued new ways to modernize its customs procedures during the period under review. Several pilot projects were launched to facilitate the movement of legitimate trade securely, specific customs-related COVID-19 matters were addressed, and further developments were made to its single window application. Initiatives were also undertaken to reduce intellectual property rights violations at the border. Revenues collected by CBP nearly doubled over the period, from USD 40 billion in FY2017 to USD 79 billion in FY2019, mainly due to the collection of the special additional duties.

9. The U.S. tariff regime did not change significantly during the review period and tariff levels remained nearly the same as in 2018. The simple average rate remains low at 4.8% overall in 2021. Tariffs on agricultural products (WTO definition) averaged 9.2%, more than double the average for non-agricultural products (4.0%). High tariffs were mainly concentrated in the dairy and tobacco sectors. The Miscellaneous Tariff Bill Act of 2018 provided for duty reductions or suspensions on 1,655 tariff lines. U.S. preferential tariffs did not change significantly during the period. The United States continued to apply the Merchandise Processing Fee (MPF), COBRA fees, the Harbor Maintenance Tax (HMT), and excise taxes on imports; several changes were made to excise taxes, the thresholds of the MPF, and the way HMT revenues were disbursed.

10. Most of the products subject to import prohibitions, restrictions, or licensing remained unchanged during the review period. However, the American Innovation and Manufacturing (AIM) Act of 2020 set up an allowance and trading program for importers of certain hydrofluorocarbons and new rules were put in place to implement amendments to the Lacey Act for the importation of certain plant and plant products. Amendments to the Marine Mammal Protection Act also imposed new prohibitions on shrimp and other fish and fish products caught in the Upper Gulf of California.

11. The United States continues to be an active user of anti-dumping (AD) duties. Between 2018 and 2021, 178 AD investigations were initiated. There were 489 AD orders on imports from 58 trading partners in place as of end-2021 – up from 340 on 30 June 2018, 48.0% of which were applied on iron and steel products. The average duration of an AD measure at the end of 2021 was 10.4 years, down from 11 years in 2017. Of the 169 countervailing duty (CVD) measures in place as of end-2021, some 46% were applied on iron and steel products. There were 316 sunset review initiations of AD and CVD orders and suspension agreements during the period from 1 January 2018 to 31 December 2021; 250 were reviews of AD duties orders. Of the 186 orders for which the review had been concluded as of end-2021, 173 were continued, 9 were revoked, and 4 suspension agreements were renewed. In September 2021, Final Regulations to Improve Administration and Enforcement of Anti-dumping and Countervailing Duty Laws were issued and notified to the WTO; they seek to strengthen the administration and enforcement of U.S. AD/CVD laws by establishing new procedures for scope, circumvention, and covered merchandise inquiries, and making substantive and technical revisions with respect to other areas, such as new shipper reviews.

12. The Enforce and Protect Act (EAPA), allows CBP to investigate whether there has been evasion of AD/CVD duties. Between August 2016, when EAPA came into effect, and October 2021, CBP initiated 56 investigations eligible for public disclosure. As of February 2022, CBP had made a final determination in 51 cases, 45 of which were affirmative determinations of evasion. Final measures include suspending liquidation of unliquidated entries, adjusting and changing duty rates, and requiring single transaction bonds. The products for which evasion was found were, to a large extent,

steel products, but also include aluminum products, plywood, furniture, glycine, and paper. U.S. legislation allows the Department of Commerce (USDOC) to conduct investigations to determine if changes to an imported product or the place where the imported product is assembled constitute circumvention of an AD/CVD order. When such issues arise, USDOC issues ''scope rulings'' that clarify the scope of an order or suspended investigation with respect to particular products. Between 1 January 2018 and 31 January 2022, 169 final scope rulings were made. About half of the rulings were linked to steel, iron, and aluminum products. USDOC also made 27 anti-circumvention determinations between 1 January 2018 and 31 January 2022, linked mostly to investigations on steel products, as well as chemical, wood, and paper products.

13. The two safeguard measures (on crystalline silicon photovoltaic cells, and large residential washers) in force before 2018 were renewed during the period under review, but no new measures were applied. Five new Section 232 (national security) investigations were initiated and completed during the review period: on automobiles and auto parts (February 2019); uranium (April 2019); titanium sponge (November 2019); lamination for stacked cores (October 2020); and vanadium (February 2021). Additional tariffs applied on steel and aluminum imports resulting from Section 232 investigations initiated in 2018 remain in place; however, the United States reached an agreement with the European Union in October 2021 to suspend the additional tariffs and replace them by tariff quotas. More recently, similar agreements were reached with Japan and the United Kingdom. Under Section 301 of the Trade Act of 1974, trade measures may be imposed on foreign countries that maintain an act, policy, or practice that violates or denies U.S. rights or benefits under trade agreements, or burdens or restricts U.S. commerce. During the review period, there were seven Section 301 cases active; they all resulted in an agreement, but in one case additional duties remain in force (China technology transfer regime), although exclusions apply.

14. U.S. export controls are guided by national security and the pursuit of foreign policy objectives. The United States cooperates with other countries in many instances to restrict exports of defense articles and dual-use goods and technologies or to deter the proliferation of nuclear, chemical, and biological weapons and related technologies. The Export Control Reform Act of 2018 constitutes the principal legal instrument for controls on dual-use and less sensitive military items. Export controls also apply to countries subject to economic sanctions by the United States. Numerous modifications to the export control regime took place during the period under review, relating, for example, to changes in controls of munitions, dual-use goods and technologies, and missile technology, as well as sanctions or embargoes towards specific countries or entities. Temporary export restrictions applied to certain scarce critical health and medical resources between April 2020 and June 2021 in response to the COVID-19 pandemic.

15. Created in 2018, the U.S. International Development Finance Corporation (DFC) is the successor agency to the Overseas Private Investment Corporation by statute. Its stated purpose is to mobilize and facilitate the participation of private sector capital and skills in the economic development of less developed countries and countries in transition. Its five-year strategy (Roadmap for Impact) foresees the DFC's own commitment of USD 25 billion to generate an additional USD 50 billion in private investment in key sectors. The Export-Import Bank (EXIM), the official export credit agency, has been reauthorized through 2026. EXIM's Congressional mandates include mandates addressing small businesses, sub-Saharan Africa, environmentally beneficial goods and services, and China and transformational exports. As a long-standing impasse restricting EXIM's ability to engage in long-term finance was resolved in 2019, EXIM still has more than USD 90 billion of available lending authority.

16. Federal government agencies and departments may provide businesses with grants, loans, insurance, property, counselling, and other assistance, and support is also available from state, territorial, and local authorities and agencies. Subsidy programs are notified to the WTO on a regular basis. The disruption of economic activity caused by the COVID-19 pandemic prompted additional assistance on an unprecedented scale. Nearly USD 1 trillion, including forgivable loans, was channeled through the Small Business Administration, notably through the Paycheck Protection Program and COVID-19 Economic Injury Disaster Loans.

17. As regards competition policy, the United States recently adopted a "whole-of-government" approach to fostering competition in U.S. markets and to vigorously enforcing antitrust laws. Some recent legislative developments included the permanent extension of incentives for corporations to self-report their involvement in criminal antitrust conspiracies and the enhancement of protections for employees denouncing criminal antitrust violations. Mergers in the healthcare and

pharmaceutical industry drew significant activity for enforcement agencies during the review period. Savings to U.S. consumers related to merger and non-merger enforcement activities by antitrust agencies were estimated at USD 12.9 billion in FY2019 and FY2020.

18. During the review period, the United States continued to actively notify its proposed and adopted technical barriers to trade (TBT) and sanitary and phytosanitary (SPS) measures in the respective WTO Committees. The private sector leads the development of voluntary consensus standards (VCS), which are based on needs or concerns identified by industry, government, and consumers. Technical regulations can be established at the federal or sub-federal level and rely heavily on VCS developed by the private sector making them mandatory by reference. When developing technical regulations, government agencies are requested to ensure that imported goods are treated no less favorably than like domestic products. Regarding SPS requirements, the adoption of equivalence determinations for food products, the issuance of a regulation regarding laboratory accreditation, and a further digitalization of procedures, including the exchange of electronic phytosanitary certificates, were the main developments during the review period.

19. The United States is a party to the Agreement on Government Procurement (GPA). Government procurement at the federal and state levels is decentralized. A number of "Made in America Laws" are in place for procurement not covered by the GPA or other trade agreements. Regulatory changes were introduced in January 2021, which put in place the new Made in America initiative and established the Made in America Office (MIAO) within the Office of Management and Budget (OMB). The new policy aims at increasing procurement from domestic sources and reducing the number of waivers to Buy American provisions by making them subject to review. Also in January 2021, a Final Rule was published that modified the implementation of the Buy American Act (BAA) by increasing the domestic content requirements to 55%, and the margin of price preference for domestic end products and construction material contained in the BAA from 6% to 20% for large businesses, and from 12% to 30% for small businesses. Also, foreign iron and steel products must be less than 5% of the cost of all components in the product. U.S. procurement policy makes use of set-aside programs to foster the participation of small businesses, veteran-owned small businesses, small disadvantaged businesses, HUBZone businesses, and women-owned small businesses in the procurement process. Under the Small Business Act, government purchases with an anticipated value above the micro-purchase threshold of USD 10,000, and up to USD 250,000, are to be automatically and exclusively set aside for small businesses, provided there are at least two or more small business concerns that are competitive in terms of market prices, quality, and delivery. The same applies for construction contracts with a value of USD 1.5 million or more.

20. The United States is a top producer and exporter of goods and services that embody intellectual property (IP). It is estimated that IP is present in some 60% of U.S. goods exports and that IP-intensive industries account for over one third of U.S. GDP. During the period under review, amendments to IP legislation were introduced and notified to the WTO, including changes aimed at modernizing copyright-related issues for music and audio recordings due to new forms of technology like digital streaming; the implementation of the Marrakesh Treaty, which modifies the copyright exceptions for blind or print disabled persons; modifications to the U.S. Plant Variety Protection Act; and the implementation of the Trademark Modernization Act of 2020, which modified a number of aspects of trademark law, including to provide for third-party submission of evidence during examination, flexible response periods, *ex parte* expungement and re-examination, and new grounds for cancellation.

21. The United States is the world's largest agricultural exporter. The Agriculture Improvement Act of 2018 reauthorized the key revenue support programs (Agriculture Risk Coverage and Price Loss Coverage) through FY2023 with minor changes. Crop insurance, which has permanent authorization, continues with some expansion in livestock insurance options. Overall, mandatory conservation spending is projected to increase by 2% compared with the previous five-year cycle. The United States Department of Agriculture (USDA) assists producers in reducing greenhouse gas (GHG) emissions, enhancing carbon sequestration, and adapting to a changing climate. Considerable *ad hoc* support was also made available to agricultural producers during the period under review. The trade mitigation package, announced in July 2018 to assist farmers experiencing difficulties as a result of foreign retaliatory action, included payments to eligible farmers under the Market Facilitation Program (MFP), purchases of commodities for domestic nutrition assistance programs under the Food Purchase and Distribution Program (FPDP), and an Agricultural Trade Promotion Program (ATP) for the development of alternative foreign markets. Payments under the MFP totaled nearly USD 27 billion between 2018 and 2020, when the program was phased out. Estimated outlays

under the FPDP were USD 1,144 million in FY2019 and USD 1,203 million in FY2020. The ATP allocated USD 300 million to 59 organizations in 2019. USDA received funding for measures to mitigate or prevent the effects of the COVID-19 pandemic in FY2020 to which nearly USD 87 billion of supplementary appropriations were added in FY2021. Almost USD 50 billion of the USD 78.5 billion in total COVID-19 outlays in FY2021 were spent to boost the Supplemental Nutrition Assistance Program. The initial Coronavirus Food Assistance Program (CFAP) announced in April 2020 comprised USD 16 billion in direct support to eligible farmers and ranchers and USD 3 billion for food purchases. As additional funding became available through the USDA Commodity Credit Corporation (CCC), CFAP 2 was launched in summer 2020. CFAP (1 and 2) payments totaled USD 23.5 billion in 2020 and USD 9.3 billion in 2021 (projected); CCC-funded payments, some USD 12 billion, were mostly paid in FY2021.

22. The forestry sector accounts for between 2% and 3% of U.S. merchandise trade, while trade in fish and fish products is slightly above 1% of the total. While the United States is a major producer and exporter of roundwood, it has an overall trade deficit in wood and wood-related products. Overall, the sector does not have high tariffs except for AD and CVD duties on certain products but maintains certain import/export prohibitions or controls. During the review period, the United States undertook a number of forest-related initiatives related to the environment such as launching its Plan to Conserve Global Forests. As the largest importer and second-largest consumer of fish and fish products in 2018, the United States maintained a trade deficit over the period although remaining a significant producer of marine, inland, and aquaculture fish. The United States maintains verification or monitoring programs that require additional procedures upon importation, such as the Seafood Import Monitoring Program (SIMP).

23. Fossil fuels constitute nearly 80% of the domestic supply of primary energy as rising output of crude oil and natural gas has outstripped declining production of coal. The United States became the world's largest producer of crude oil in July 2018 and has consistently been the world's number-one producer of natural gas since 2011. It became a net energy exporter during 2019. In April 2021, the administration announced a new target for U.S. economy-wide net GHG pollution: it should equal 50% to 52% of the 2005 level by 2030, and net zero emissions should be reached no later than 2050. A National Climate Task Force has been formed to mobilize action on climate change by all federal agencies. Regarding electricity generation, natural gas and renewable energy sources are gradually replacing coal-fired power plants. Federal tax credit programs play a key role in the construction of new generation capacity in renewables.

24. Despite a shrinking contribution to GDP, manufacturing remains the main exporting sector of the U.S. economy, accounting for nearly 55% of all exports. Petroleum gases, electronic integrated circuits, and immunological products were the fastest-growing manufacturing exports during the review period. The manufacturing of durable goods was notably hit by the outbreak of the COVID-19 pandemic, but so were other industries. Pharmaceutical manufacturers developing COVID-19 vaccines and related goods received government assistance, as the authorities aimed at accelerating the domestic production of medicines, personal protective equipment, critical inputs, finished drugs, and other finished devices. SMEs in manufacturing, an important source of employment opportunities, benefited also from assistance to counter the impact of the pandemic.

25. The financial services sector is a substantial contributor to the U.S. economy, accounting for some 8.5% of GDP in 2021. The United States continued to run a significant surplus in trade in financial services during the period under review. As of end-2021, there were 2,129 "large" commercial banks in the United States, each with consolidated assets of USD 300 million or more. At the same date, total banking system assets were USD 21.6 trillion. The United States is the largest insurance market in the world, with net insurance premiums that amounted to USD 1.28 trillion in 2020. U.S. financial markets were strongly impacted by the onset of the COVID-19 pandemic. The Federal Reserve responded by adopting temporary measures such as the reduction of the primary credit rate by 150 basis points to 0.25%, and a reduction of the reserve requirement ratios to 0% effective in March 2020. It also encouraged banks to use their capital and liquidity buffers. Measures to support credit allocation were also put in place.

26. In telecommunications, the steady increase of broadband subscriptions was matched by significant decreases of mobile and fixed phone subscriptions. A consolidation of U.S. telecommunication providers and the deployment of the 5G commercial networks, including the spectrum reallocation, were among the salient market developments during the review period. On the policy side, efforts seeking to reduce the digital divide in services, the establishment of the

Committee for the Assessment of Foreign Participation in the United States Telecommunications Services Sector, and a growing interest among policymakers in the security and protection of telecommunications infrastructure shaped the main regulatory changes.

27. The air transport sector was severely hit by the travel restrictions and quarantine requirements related to the COVID-19 pandemic and although a strong recovery took place in the second half of 2021, airline travel has not yet recovered to levels observed in 2019. To counter the impact of COVID-19-related lockdowns, several assistance programs to passenger air carriers, cargo air carriers, aviation contractors, and airports were authorized. The Government continues to implement support programs to ensure essential air service to small communities, with a particular focus on Alaska. The recently enacted Infrastructure Investment and Jobs Act foresees investment in airport infrastructure up to USD 20 billion in next five years.

28. Waterborne shipping carries more tonnage in U.S. international trade than any other mode of transportation. The size of the U.S.-flagged, privately owned fleet of self-propelled, cargo-carrying vessels of 1,000 gross tons and above continued to decline over the period under review: as of October 2021, there were 180 privately owned vessels with a capacity of 8.2 million dead weight tons, 1 less than in 2018. The United States maintains restrictions to cabotage services of both cargo and passengers under the coastwise laws, as the Jones Act reserves cargo service between two points in the United States (including its territories and possessions), either directly or via a foreign port, for ships that are registered and built (or repaired) in the United States and that are at least 75% owned by a U.S. corporation, and on which 100% of the officers and 75% of the crew are U.S. citizens. In general, the same requirements apply to the domestic passenger service under the Passenger Vessel Services Act of 1886. Waivers to the Jones Act and other coastwise laws are granted under limited circumstances.

29. The U.S. healthcare sector is one of the largest in the world and an important employer. During the review period, there was an initial decline in revenues and employment, followed by rising costs and medical supply chain issues. The Government responded to the pandemic with a number of appropriation measures that supported the sector in many ways, including through emergency funding. There was also unprecedented use of telehealth in 2020, with temporary measures put in place to waive existing regulations. Trade in healthcare services is relatively limited but growing, and potential exists for future expansion, in part driven by technological developments and measures taken during the COVID-19 pandemic.

30. E-commerce accounts for 12.5% of the U.S. trade in physical goods, an ever-increasing share. Online platforms, which have evolved towards digital marketplaces, have diversified their offering and provision of services reflecting the digitalization of new economic sectors. The United States keeps a decentralized, market-driven approach to regulate digital services on specific issues and/or sectors while simultaneously supporting the digital transformation. Combating cross-border fraud and other deceptive practices remains a sustained effort by the U.S. authorities. Recent concerns regarding cybersecurity and privacy led to the establishment of the Cybersecurity and Infrastructure Security Agency. The United States opposes the establishment of digital services taxes, seeks to ensure market access for digital services through trade agreements, and participates in the ongoing plurilateral negotiation on e-commerce at the WTO.