
SUMMARY

1. The U.S. economy has largely recovered from the recession of 2007-09. GDP growth has been steady albeit downsized by weaker import demand in the EU market. During most of the review period, private consumption, the main component of U.S. GDP, continued to expand steadily as the labour market improved, personal disposable income grew, and household wealth invigorated as a consequence of rising stock and home prices. Private domestic investments and exports also performed well and determined the overall positive growth performance.

2. The recent boom in shale oil and gas production in the United States has affected various aspects of the economy. It has lowered energy prices and has contributed to lowering production costs in the manufacturing sector, which has become an important job provider. The current account deficit improved to a four-year low in 2013 as a consequence of an important reduction in the oil trade deficit, which accounts for nearly half of the total deficit in trade in goods and services. While merchandise trade continued to expand during the review period, and exports grew to an all-time high in 2013, imports decreased for the first time in five years. The United States remains the world's leading services exporter, and its positive trade balance rose during the review period.

3. Macroeconomic policies continued to actively support the U.S. economy with a view to boosting economic growth and unemployment. Steps were taken to correct the large fiscal deficit caused by expansionary policies that prevailed during the recession; and although unconventional monetary policies continued to be implemented, the Fed announced in December 2013 that it would start scaling down its quantitative easing measures.

4. The United States remained the world's largest single recipient of foreign direct investment, although inflows have declined over the last two years. In order to counteract this trend, the government maintains or continues to develop programmes to promote foreign investment. The 2011 SelectUSA programme continues to serve as the centralized hub to attract and retain investment, and the 2012 "Make it in America" programme is designed to accelerate insourcing, i.e. bring back investments and jobs.

5. One of the most significant trade policy developments during the review period was the enactment of the new Farm Bill on 7 February 2014. This is a considerable change in agriculture policy for some commodities. Two long-standing pillars of dairy market support – price supports and export subsidies – have been removed. The new Farm Bill eliminates the decoupled direct payments system, a cornerstone of U.S. agricultural policy since the end of the Uruguay Round negotiations, and reforms the price-based and revenue-based commodity support programmes. The new Farm Bill moves from decoupled payments towards deficiency-payment-type instruments linked to current prices, such as the new Price Loss Coverage and Agriculture Risk Coverage programmes. The 2014 Farm Bill also continues a long-term policy shift from the traditional commodity, conservation, and disaster payments towards subsidized crop insurance.

6. While there have been no major changes in the United States' main trade policy framework some initiatives have been put in place by the Administration to improve trade enforcement, through the Interagency Trade Enforcement Center, and to combat wildlife trafficking and fishing fraud, through the establishment of task forces and related policies or strategies. Trade promotion authority remains lapsed, since 2007. Although Congress made some efforts during the review period to reauthorize it, no legislation has been enacted to date.

7. The United States continues to conduct the majority of its trade under MFN treatment; but approximately 22% of imports enter through FTA or unilateral preferential regimes. Imports entering through FTAs rose slightly during the review period, while those entering through unilateral preferential programmes declined, in part due the expiry of GSP, as well as the ATPA/ATPDEA, in July 2013. To date, Congress has not reauthorized these programmes, and no new FTAs were concluded during the review period.

8. In terms of policies affecting imports, developments on trade facilitating measures include the gradual implementation of a single window application, expansion of simplified entry programmes, and new or expanded trusted trader programmes. Regarding import prohibitions or restrictions, a few new measures were implemented during the review period. The legal and

regulatory frameworks for tariffs, rules of origin, import licensing, customs valuation, and other charges on imports remained unchanged during the review period.

9. Developments relating to exports include the on-going Export Control Reform (ECR) initiative, which aims to create a new export control system including a single control agency and a unified control list; and the creation of the NEI/NEXT programme, as a successor to the National Export Initiative, to provide a strategic framework to continue to support and promote exports. The United States continues to maintain a number of agencies or programmes to support exports such as the Ex-Im Bank for export credit and the Overseas Private Investment Corporation for development financing.

10. The regulatory regime for trade remedies remained relatively unchanged during the review period with the exception of four changes relating to targeted dumping regulations, internal regulations relating to submissions, selection of respondents in administrative review proceedings, and a change in practice regarding non-market economies. Anti-dumping and countervailing duty investigations were on the upswing, with a significant rise in 2013, in particular on steel products. Safeguards, on the other hand, remained dormant with no changes to policy and no investigations launched.

11. The United States is currently reviewing its TBT regulatory practices with respect to the use of voluntary consensus standards in technical regulations and federal procurement. The FDA Food Safety Modernization Act, a major reform of legislation on food safety and the safety of animal feed, entered into force in 2011, and the FDA is in the process of developing the regulations to implement some of the key elements of this new law.

12. The United States maintained its preeminent position in IP-related trade, as evidenced from its receipts of royalties and licence fees, which comprised 43% of the global total in 2012. While the U.S. intellectual property industry is among the world's most mature and well established, the dynamic character of intellectual property in the United States' economy led to various developments during the review period, including 21 legislative changes, patent regulatory reforms, a strategy on Mitigating the Theft of U.S. Trade Secrets, and the 2013 Joint Strategic Plan on Intellectual Property Enforcement.

13. The services sector continues to play an important role in the U.S. economy, and several services sectors underwent reforms during the review period. A number of enhanced prudential standards on financial services have been established, including on liquidity, risk management, and capital, to strengthen the supervision and regulation of financial institutions. Under the new rules, foreign banks with U.S. assets of at least US\$50 billion are required to establish intermediate holding companies for their U.S. financial operations and to meet, with some exceptions, the same capital, liquidity, and other standards as U.S. bank holding companies of comparable size. Domestic banks will need to comply by 1 January 2015, and foreign banks will be required to do so by 1 July 2016. U.S. financial firms in general have strengthened their position over the last few years. Nonetheless, more progress is needed in some areas, including on "too big to fail" banks, which receive an implicit subsidy of about US\$70 billion.

14. During the review period, the United States eliminated the International Settlements Policy in order to modernize its international telephony rules, further lower the price for international calls, and increase competition. Measures have also been taken to reform the universal service and inter-carrier compensation systems to make available affordable voice and broadband services, both fixed and mobile. Moreover, new Open Internet rules are expected to be adopted by the end of 2014, with the aim of enhancing transparency, reinstating the no-blocking rule with certain clarifications, and requiring fixed (and potentially mobile) broadband providers to ensure that their practices are commercially reasonable.

15. The institutional and legal framework for maritime transport has not changed over the last few years. Cabotage of goods and passengers continues to be restricted by Section 27 of the Merchant Marine Act of 1920 (Jones Act). The United States finances various maritime security programmes designed to protect the U.S.-flagged fleet and shipyards, such as the Maritime Security Programme. Port infrastructure projects are also eligible for support. The United States aims to address port congestion by doubling the cargo-handling capacity in every major port by 2020.

16. The United States is by far the largest market for health services with total spending of over US\$2.5 trillion in 2010. Private spending was about US\$1.2 trillion, and per capita spending approximately US\$8,000. The health insurance market is also the largest in the world as it ensures and finances a proportionally much larger share of the health expenditures than in other developed countries where public social security systems dominate. The main recent regulatory development is the 2010 Patient Protection and Affordable Care Act, whose provisions are scheduled to enter into force between 2010 and 2015. It is intended to considerably enlarge the number of persons covered and to improve the conditions of coverage for all insured individuals. It will therefore affect supply and demand of healthcare and health insurance services, and hence have an impact on trade. The United States is one of the few WTO Members with significant GATS commitments on health services.

17. The U.S. audiovisual industry is the largest in the world, with revenues (2011) of about US\$46 billion for the motion picture production and distribution segment, US\$161 billion for the television segment (including broadcast television stations, cable TV, satellite TV, and online video distribution), US\$18 billion for the radio segment, and US\$8 billion for the music segment (record production and distribution). Exports largely exceed imports, as do outward foreign affiliate sales (sales by U.S. subsidiaries established abroad) compared to inward foreign trade affiliate sales. The trade relevant aspect of audiovisual services is fairly stable and the only major development during the review period was the relaxation by the Federal Communication Commission (FCC) of the foreign ownership policy scheduled under the GATS and FTA commitments.